Daily Report
Supplement

Soviet Union

FBIS-SOV-90-115-S
Thursday
14 June 1990

Soviet Union
SUPPLEMENT

FBIS-SOV-89-115-S *14 June 1990*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

Economic Crisis, Shadow Economy Examined *[VOPROSY EKONOMIKI No 3]* 1
Criminal Sector of Shadow Economy Analyzed *[VOPROSY EKONOMIKI No 3]* 2
Council Member Interviewed on Economic Program *[KOMMUNIST No 7]* 7
Official Stresses Competition, Free Prices *[ARGUMENTY I FAKTY No 22]* 12
Sakhalin's Top Official Comments on Economy *[Tokyo YOMIURI SHIMBUN 5 Jun]* 14
Deputy Premier Views Implementing Market Reform *[Tokyo YOMIURI SHIMBUN 29 May]* 15
GATT Opens Way for World Trade Involvement *[London THE FINANCIAL TIMES 31 May]* 15
Landsbergis Interviewed on Yeltsin Election *[Paris L'EXPRESS 15 Jun]* 16
Malyutin Outlines Socialist Party Goals *[DIALOG No 7]* 16
CPSU Nationalities Platform Examined *[OBSHCHESTVENNYYE NAUKI No 2]* 19
Gorbachev Aide Discusses Internal Tensions *[Milan CORRIERE DELLA SERA 31 May]* 23
Seminar Views National Crisis, Power Issues *[DIALOG No 6]* 25
Bovin Article Views U.S.-Soviet Summit *[Tokyo MAINICHI SHIMBUN 30 May]* 27
Falin Interviewed on German Unity, NATO *[Hamburg STERN 7 Jun]* 28
PRAVDA's Frolov on Germany, Japan Ties *[Tokyo ASAHI SHIMBUN 25 May]* 30
Presidential Adviser Views German Unification *[Tokyo YOMIURI SHIMBUN 28 May]* 32
'Cross-Recognition' of ROK, DPRK Discussed *[Tokyo NIHON KEIZAI SHIMBUN 12 Jun]* 32
Ambassador Petrov Views Soviet-Cuban Ties *[LATINSKAYA AMERIKA No 5]* 33
Latin American, Caribbean Policy Examined *[LATINSKAYA AMERIKA No 5]* 36
Soviet Navy Under Perestroyka Viewed
[MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 5] 38

Economic Crisis, Shadow Economy Examined

AU1605130090 Moscow VOPROSY EKONOMIKI in Russian No 3, March 1990 (signed to press 1 March 90) pp 127-129—FOR OFFICIAL USE ONLY

[Article by V. Pankratov, candidate of juridical sciences, sector chief at the All-Union Scientific Research Institute for Problems of Strengthening Legality and Law and Order: "On the Link Between the Crisis in the Country's Monetary and Financial Situation and the Functioning of the Structures of the Shadow Economy"]

[Text] Between the end of the fifties and the beginning of the sixties, there was a sharp increase in monetary emission which was not backed by commodities. The transfer of collective farm [kolkhoz] workers from payment in kind to payment in money represented a large step on this joyless path, and pension reform also played a role. From that time onward there was an intensification of negative processes; these had, of course, also "occurred" earlier, but on a markedly smaller scale. A spasmodic increase in the monetary mass in conditions of a commodity deficit triggered what were complicated and spontaneous but inevitable mechanisms for the redistribution of vast sums of money, sums which became concentrated in the hands of people selling and distributing deficit commodities and also of people appointed to posts associated with this. The "upward sublimation" of large monetary resources "from below" on the principle of an inverted funnel led to the corruption of several echelons of power—initially economic, but subsequently also political.

Ramified underground structures of the shadow economy have now taken shape and, it may be said, have become firmly established. These structures have at their disposal their own "lobby" or paid "heads of cadre departments" who confirm people favorable to the shadow economy to nomenklatura posts (we need only recall the numerous convictions of important party and state workers).

Initially, the main sources for pumping out money into these broadly ramified structures were low-level trade violations (short measures, short weights, relabeling). At the same time, the people undertaking this corruption were rarely of more senior rank than chiefs of the trade departments of local soviets. This process of extorting money from the population was subsequently joined by the so-called "workshop boys" [tsekhoviki] who, acting according to the formula of industrial capital T-D-T [commodities-money-commodities] were compelled to create networks of production, sale, transportation, and so forth that were wide and therefore difficult to mask. In order to make these networks "opaque," mass corruption began of the organs of the Struggle Against the Theft of Socialist Property and Speculation [BKhSS] and inspection bodies.

A further growth in the population's monetary savings not backed by commodities and bribery of the system of management and inspection allowed shadow economic structures to make a transition to extensive operations according to the more simple formula of trade capital D-T-D [money-commodities-money]. A significant proportion of imports of deficit goods, market allocations [stocks of consumer goods for retail sale] of passenger automobiles, construction materials, and hotel and resort services proved to have been "seized."

As the bureaucracy and the shadow economy increasingly closed ranks, an even greater simplification of the process of removing large monetary sums became possible, conditionally speaking according to the formula D-D [money-money]. Money lending makes money available without intermediate production or trade operations, and the overreporting of results and forgery make it possible, by manipulating sale and purchase prices, to remove millions of rubles from wages funds, allocations for the purchase of agricultural products, especially subsidized output, and so forth.

The withdrawal of bank notes from state turnover has reached gigantic proportions and has started to have a serious effect upon the financial stability of the country's economy. There are now calls at all levels for measures to improve finances, but these will not bring results if the monetary flows in the shadow economy are not taken into account. Augmenting the mass of commodities will not lead to success. These commodities will be accumulated by the shadow economy and will only add to the wealth of underground millionaires. The shadow economy responds to the introduction of "worker inspection" by bringing commodities out of the backrooms of shops to less accessible bases, even onto railway and container transport which is quite inaccessible to inspection. The threat of a complete paralysis now looms in that strange complex which we call the "economy" and which in reality bears no relation to this concept. Apart from the "antimachine" of economic mismanagement which has already become usual, it now includes the no less powerful, albeit not fully recognized, "antimachine" of underground economic and financial activity. The latter, which is 100-percent parasitical, is stifling our official national economic complex. No economy of any kind, whether centrally managed or market, can tolerate such a cancerous tumor.

The results of the functioning of this "antimachine," which confirm its parasitic and destructive character, are as follows:

1. The disintegration of higher economic structures.

2. Overconsumption, accompanied by bribery of the official system of services and the creation of a strictly underground system (prostitutes, bodyguards, and so forth).

3. Corruption of the organs of law and order.

4. The hoarding of capital at home, that is to say a freezing of values, generally accompanied by the creation

of negative systems: currency dealing, prostitution, bribery of workers in jewellery factories and shops, and so forth.

5. Robbery of the population by means of speculative price inflation.

6. The mass destruction of products in order to create a deficit and trading in those products on "collective" and black" markets via a system of its own distributors.

7. Penetration of the structures of official power in pursuit of its own antisocial goals.

8. The generation of organized crime.

9. The use of state enterprises and their equipment in pursuit of its own strictly mercenary goals.

10. The collapse of the financial system due to the pumping out of money on a massive scale.

The shadow economy, which lives parasitically, like a virus, but operating on a more efficient and simplified scheme, is able to involve huge masses of people in its operations—from the "bosses," "authorities," "sixes" [shestyerki], (managers of shops, for example), and the "boys," "soldiers," and "workers" (which, in their understanding, means low-level distributors of deficit commodities and so forth) who are fully aware of their position, to those who, consciously or through a lack of understanding, close their eyes to the illegality of actions but open their pockets to receive profit—"a bit of fat," "a little extra"— for certain services. According to our evaluations, about 10 percent of that part of the country's population which is economically active on an independent basis [samodeyatelnyy] receives income from the illegal economy, and this does not take account of those who are in receipt of semi-legal income (private tutors and others).

In summarizing all of the above, I would like to place special emphasis on the fact that in conditions of that absurd "economic" system which has taken shape in our country, the shadow economy simply could not fail to arise. After all, any economy is a sphere for the realization of economic interests. In this sense, even the shadow economy is nothing more than normal economic activity in abnormal conditions. Organized crime is the inevitable consequence of the shadow economy, a reaction to the appearance in that economy of ultra-high incomes. Both underground structures closely interact and intertwine and strengthen one another by way of mutual regulation. The bosses of the shadow economy have evidently not yet understood that they have given birth to their own grave digger. They seek salvation in the corruption of ever higher echelons of power, but they are stifled by the criminal underground which is striving to occupy their place. The only real salvation for them can be legalization, their emergence from the "shade" into the "light."

What measures can be undertaken in the existing situation? First and foremost, we must finally do something about those enormous monetary sums with which the shadow economy operates; otherwise, any projects for improving the financial state of the economy will remain no more than empty talk. In principle, four variants are possible here, and each of them requires the most careful discussion from the point of view of the mechanism of its implementation and its possible socioeconomic consequences. The first variant involves legalizing the bank deposits held abroad by the shadow economy and involving them in active economic activity. It is true that a difficult question must be resolved here: Is it moral to base our economic rebirth on money which has been stolen from the people? The second way involves buying up this money, but not with consumer goods, which its holders do not need, but with convertible currency, valuables, and expensive and ultra-expensive commodities (foreign-made automobiles, private residences, and so forth). The third variant involves simply confiscating the money as having been unjustly acquired; for example, annulling large-scale monetary denominations and then issuing them in another form. There are also other possible variants connected with the implementation of monetary reform. The fourth and final variant, which involves transferring systems of supply and distribution to electronic accounting and replacing the present banknotes which are, by their very nature, anonymous, with electronic financial and credit cards. The contemporary technology and organization of accounting work is a last chance to test the viability of the planned economy and of the Leninist thesis to the effect that "socialism is accountability and control."

The improvement of our finances is an imperative condition, but alone it is not enough. If the shadow economy and organized crime are not to regain their momentum once reform has been implemented, energetic and well-considered measures must be implemented simultaneously and in parallel: We must be consistent in breaking the ties between our trade and other mafia groupings and the sources of their income. This necessitates changing the system of distribution (eliminating the monopoly of the rotten trade department) and cadre policy; "cutting off" low-level distributors and fences, especially young people, from the shadow economy; setting in motion the production of consumer goods and thus eliminating the deficit; and giving people the chance to earn good wages by honest labor.

Criminal Sector of Shadow Economy Analyzed

AU3105060090 Moscow VOPROSY EKONOMIKI in Russian No 3, March 1990 (signed to press 1 March 90) pp 120-127—FOR OFFICIAL USE ONLY

[Article by Yu. Kozlov, candidate of juridical sciences, laboratory chief in the juridical faculty of Moscow State University imeni M.V. Lomonosov: "The Shadow Economy and Crime"]

[Text] During the last year or year and a half the words "shadow economy," "black market," and "organized

crime" have not been absent from the pages of newspapers and magazines. Not only (and not so much) the statistics of scientific investigations, but also the experience of everyday life are increasingly convincing people that all these phenomena are having the most direct effect upon processes taking place in society.

The lingering and most serious crisis in our economy has created ideal conditions for the rapid growth of its shadow forms, that is, of illegal forms of economic activity hidden from state records. Such a definition of the shadow economy seems to be most suited to the tasks of an economic-criminological analysis of this social phenomenon.

The shadow economy comprises not only those criminal sectors which are connected with the continuous growth of economic (first and foremost, organized) crime over the last few decades: theft, bribery, over-reporting of performance, speculation, contraband, violation of hard-currency transaction laws, and so forth. Being a highly complicated formation, the shadow economy also includes numerous types of underground enterprise which do not come under the articles of the criminal codes of the Union republics (for example, unsanctioned activities by individual artels, private and collective enterprise based on leasing and contract relations in agriculture, and so forth). However, the absolute majority of these types of shadow "business activities" nevertheless remain clearly illegal, that is to say, they are connected with the systematic violation both of existing rules of law (administrative, labor, civil, economic) and of departmental acts which regulate economic activity. At the same time, even noncriminal spheres of the shadow economy remain a fertile breeding ground for crime; illegal manifestations inevitably develop into criminal ones under specific conditions. Consequently, one should not forget that the dividing line between criminal and noncriminal (but illegal) types of shadow economic activity is highly fluid and moreover, is also conditioned by trends of criminal policy which determine whether specific types of behavior are considered to be criminal or not.

It is structurally possible to highlight three basic components of the shadow economy: spontaneous (illegal and not sanctioned by state organs) individual labor and artel activity, the black market in commodities and services, and the activities of resolute organized criminal groups in the economic sphere.

Without going into a detailed analysis of spontaneous individual labor and artel activity, we will note that according to our assessment approximately 20 million people are engaged in it (including individuals who, under cover of the cooperatives, are engaged in activities which contravene statutory regulations). [1] The existence of this sector can be explained to a certain degree by the obvious "unprofitability" for many segments of the population of similar types of legal enterprise: In spite of constant assurances from representatives of all sorts of state organs there are, as before, not only few economically guaranteed advantages, but also few basic opportunities for the individual to engage in legal economic activities outside of traditional state production structures. The "individual private businessman" cannot be guaranteed a supply of raw materials, fuel, and equipment. Although it is permitted (with certain provisos), on instructions from the USSR Ministry of Trade and the State Committee for Material and Technical Supply, to obtain the necessary means of production in state and cooperative retail trade, at markets, and from territorial organs of material and technical supply and to buy up the surplus output of individual smallholdings, no guarantees are given in this respect. Of course, in conditions of a normal market economy it is enough to have permission, as the rest is a matter of initiative. However, given our numerous shortages and the existing system of distributing funds, initiative inevitably assumes a criminal hue. The one realistic path is the well-trodden one leading toward "those in possession of deficit commodities" and reviving "old ties" with trade and material and technical supply workers. It is not by chance that, according to statistics supplied by O. Osipenko, every other "individual" polled pointed either to illegal channels as a way of receiving necessary raw materials or to systematic bribery, overpayment, and so forth.

The second component of the shadow economy is the black market in commodities and services. It is in no way an exaggeration to speak of the omnipotence of the USSR shadow market, one that embraces means of production, consumer goods, manpower, prostitution, hard currency, and so forth. According to our assessments, there are also approximately 20 million people engaged in this market. Moreover, this is without taking into account those involved in so-called internal "barter" deals. These are extremely widespread operations of exchange in kind between citizens (into which, moreover, middlemen actively "wedge themselves") when goods are sold not at state but at market prices.

The prohibition mania inherent in the administrative bureaucratic system has also resulted in a black market in the sphere of material and technical supplies. Enterprises have been bound for decades by bureaucratic chains restricting their rights to sell stocks of materials and equipment which are in excess of the norm and which are not being used. However, prohibitions have remained in force resulting in the establishment of secret exchange funds at enterprises. [2] Hundreds of thousands of tons of metal and pipes, tens of thousands of kilometers of cable, thousands of railroad cars full of timber, more than half a billion rubles worth of equipment—this is by no means a full list of those exchange funds going to the black market annually which have been uncovered by the USSR Committee of People's Control alone. Gasoline is exchanged for bricks, pipes for rooms in resort hotels, and metal for the wage of a chief engineer. Bribes, which are an integral part of exchange operations, are becoming an indispensable attribute of individual material incentive on the one hand and, on the

other, an additional guarantee that information which could compromise both parties involved in a deal will not be divulged. The rationing system which is used to provide enterprises with funds and which is still in existence today (in spite of attempts to introduce wholesale trade in the means of production) is maintaining the black market in the sphere of material and technical supply.

The functioning of the black market is conditioned to a large extent by the high rate of growth of economic crime. This is shown most clearly in an analysis of the sources of commodity supply for the USSR black market. According to our assessments, approximately five-sixths of the commodities to be found there come from sources which have a criminal character, including one-third resulting from theft, almost the same amount from extortion, exaction, and the so-called "grey" economy (material benefits in exchange for reciprocal services, including those which are illegal), and the remainder from speculation and contraband.

The huge losses as a result of mismanagement—the unavoidable concomitant of an administrative command economy—are also a source of considerable nourishment for the shadow channels of the black market. According to available estimates, overall nonproductive expenditures and losses in the national economy are calculated at between R580 and R629 billion. In 1988 they amounted to 38-40 percent of the gross social product. [3] There is no doubt that a certain amount of material values which are written off as all kinds of "losses" are quite simply being stolen and, in the final analysis, also end up on the black market.

In determining the real size of the criminal sectors of the shadow economy, one should not forget that it is not possible to use available criminal statistics without making corresponding amendments that take account of latent crime: The majority of economic crimes belong to that category of crimes which are difficult to detect and which are not obvious. It is from this position that one should also assess official figures which characterize the state of economic crime in the country in the course of last year: Over 257,000 crimes were detected, including more than 45,000 cases of speculation, 8,313 large-scale and especially large-scale thefts, and 4,292 cases of bribery. According to data provided by criminological research, the actual level of detection of such speculation is put at no more than between one and 1.5 percent (that is, one out of every 100 cases of speculation becomes known to the law enforcement organs), while for large-scale and especially large-scale theft it is marginally higher.

A qualitatively new form of economic crime—organized economic crime—has emerged as a natural stage in the development of economic crime.

The results of research give us grounds to define organized crime as a complex systemic formation whose structure is characterized on the one hand by the presence of ties of different kinds and degrees of stability between separate criminal groups and individuals operating in the sphere of the shadow economy and on the other by a corrupt administrative apparatus. The aim of this formation is to obtain maximum profit with the minimum risk. [4]

There is awareness of the fact that organized crime is currently being introduced into the black market on a broad scale with the aim of monopolizing it. Here, in recent years, one has been clearly able to trace a process of redistribution of a part of the earnings of small-time shadow dealers (fartsovshchiki [black marketeers who resell merchandise and currency acquired from foreigners], hard currency dealers, drug dealers, speculators and so forth) in favor of powerful and highly organized criminal formations. The small entrepreneur operating in the shadow sphere is naturally limited in his resources and in his ability to secure for himself official (or semi-official) protection "from above," without which any more or less peaceful existence is difficult. His "ceiling" is bribing an inspector in the Struggle Against The Theft of Socialist Property and Speculation [BKhSS] which, incidentally, is not an easy thing to do on one's own. Consequently, a fairly effective way of making obstinate traders "see sense" is by pressuring them not only with the help of notorious racketeers but, in a number of cases, with assistance from official representatives of law enforcement organs who are in the "employ" of large organized criminal formations. Militia employees successfully "increase the number of crimes which have been detected and solved," thereby clearing the way for organized forms of illegal enterprise.

The unprecedented collapse of the consumer market and the continuous increase in the list of deficit commodities and services are making this sphere of criminal business particularly profitable: According to the calculations of the USSR State Committee for Statistics, the profit made by dealers from the resale of industrial goods alone amounts to more than R1 billion.

A no less important trend in the development of organized crime in the country is its penetration into the cooperative sphere. Considerable errors made during the development of the cooperative movement have led to a situation in which the activities of many cooperatives have increasingly started to assume a "shadowy" hue. The research that we have carried out enables us to assess the proportion of cooperatives which are systematically violating existing rules of law (economic, civil, labor and so forth) as being between 80 and 85 percent. All this is creating conditions for an increase in economic crime, and many of its forms are directly connected with organized economic crime.

Analysis of a number of criminal cases which were heard last year enables us to conclude that organized crime is not only being introduced into the cooperative sphere "from the outside" (the "laundering" of money acquired by criminal means, racketeering, and so forth), but is also

surfacing "within" the cooperative movement itself. The unfavorable conditions for its development—which are connected with the existence of the administrative command system on the one hand and a lack of effective regulation (first and foremost legal and financial) on the other—have led to a sharp increase in offenses and crimes such as bribery, which has assumed menacing proportions of late, tax-dodging, theft, and so forth. According to statistics provided by the USSR Procurator's Office, every third theft in cooperatives is either large scale or especially large scale. The damage to the state alone that has been uncovered has amounted to R150 million.

Principally new and unprecedented forms of criminal activity have appeared such as, for example, a kind of "industrial espionage," that is, the planting of an "agent" in a rival cooperative (association, joint enterprise) with the aim of procuring necessary information and organizing its collapse from within. The scope of this activity also involves the hiring of racketeers to put "forceful" pressure on rivals and even extends to organizing "necessary" publications in the press, molding public opinion accordingly, and discrediting a rival.

All this testifies to the high degree of diversification of organized crime, that is to say to its ability to quickly adapt to the changing socio-economic situation.

In an economic-criminological analysis of the shadow economy, particularly of its criminal sectors, interest is no doubt aroused not only by a determination of its size (the assessments of specialists here vary between R100 and R350 billion) but also by a revelation of those social strata and groups for whom systematic criminal activity has become an important part of everyday life.

For many years the prevailing approach in the theory of Soviet criminology has been that criminals and other law breakers constitute neither a class nor an isolated social group in any society. However, on the basis of materials taken from a range of criminological research, and also by proceeding from the "multidimensional" models of society which have been advanced by sociologists today, we can highlight a whole range of social groups which are involved in shadow economic activity and organized crime to one degree or another.

Of particular interest is the group of "Soviet underground millionaires," those who have now concentrated in their hands a considerable amount of the capital from the shadow economy. Representatives of shadow business are securely ensconced on the very top of the social and property pyramid. According to statistics supplied by A. Zaychenko, 2.3 percent of all families fall into the "rich" category, yet only 0.7 percent of them have legal sources of income and property. According to our assessment (which coincides, incidentally, with that of T. Koryagina), which is based upon an analysis of statistics relating to shadow turnover, the process of redistribution, concentration of capital, level of hoarding, and so forth, between 15,000 and 30,000 of the people holding key positions in the sphere of shadow business are millionaires. Moreover, it seems that their number is continuously increasing.

A characteristic feature of recent years is the process of a sharp increase in property differentiation between representatives of different social strata in society, a differentiation which has started to spread to those groups engaged in the spheres of the shadow economy: According to data provided by criminological research, during the last five-year plan period more than half of all state and social property stolen settled in the hands of 4 percent of embezzlers. The aforementioned monopolization of the black market by organized crime has also inevitably affected the dynamic of these processes.

Materials provided by economic-criminological research show the approximate proportions of the distribution of income obtained by the representatives of the group under analysis as a result of shadow economic activities: Approximately one-third to one-quarter of the entire sum goes toward the purchase of valuables (hoarding), one-third to one-quarter toward the consumption of luxury goods [sverkhpotrebleniye], while the remainder ends up in circulation (including money which goes toward the provision of security). [5] In turn, hoarding and the consumption of luxury goods are contributing to the expansion of certain sectors of the black market, primarily those sectors connected with trading in hard currency, gold, jewelery, antiques, foreign automobiles, works of art, private villas, and so forth.

The next social group comprises the "elite" of organized general crime (professional criminals). One must immediately note the high degree of social "mutual exchange" between this group and that examined previously. Research reveals a process whereby the "elite" of general professional crime is making a transition to the management spheres of the shadow economy. On the sociological level, it is as if this process cements organized crime and establishes numerous mutual interests and general principles both through direct contacts and information exchange and through combined criminal activity in the economic sphere. Taking into account the fact that the total number of professional criminals is assessed by specialists at approximately 10 million persons, [6] its "elite" group, according to our calculations, comprises between 30,000 and 50,000 persons. Apart from their active participation in sharing out the profits of the biggest "shadow" dealers, the representatives of this group fully control the criminal community's system of centralized monetary funds (the so-called "obshchaki"). Relying on statistics relating to the size of separate large centralized funds, we can suppose that the sums of money under their control amount to several hundred million rubles.

The third group comprises the "apparatus" of organized crime, the "managers," if you like, of the shadow economy. This is an extremely large section of organizers and managers who operate in all sectors of the shadow turnover of the monetary and commodity masses. The

majority of the representatives of this group occupy specific social positions in legal structures, and their criminal activities are only possible on the condition that they have access to material values or are connected with organizational and managerial and administrative and economic powers. These people, as it were, "build" shadow structures onto the legal economic mechanism, whereby the resultant symbiosis acquires qualitatively new characteristics. Consequently, many branches of the national economy turn out to be engulfed by organized criminal activity. An example of this is the famous "cotton" affair which serves as a distinctive model for the total defeat suffered by the national economy of a whole region of the country at the hands of organized crime.

The number of people that comprise the "manager" group is extremely large. They fulfill a most important function for the whole criminal system, that of redistributing and controlling those huge sums of money which are brought into shadow circulation by low-level executors. It is precisely here that the parasitism of many sectors of the shadow economy manifests itself: A considerable number of members of the organized criminal groupings which operate in the economic sphere perform only two functions which are most important for the very existence of the criminal structure—the removal of valuables from legal circulation and their further redistribution. Moreover, the transfer of money "to the top" with the aim of creating defense mechanisms against all forms of social control is almost always a multi-stage process in which no less than two or three levels participate. Incidentally, an analogous mechanism also used to exist in the elementary groups—structurally very simple—of bribe-takers who occupied high posts in certain ministries and in the party apparatus.

The money which passes through a system of "distillation" to the top thins out, as a rule, by between 50 and 75 percent. In this way, most of the money which is received from primary lower levels for the provision of security and, in a number of instances, for the resolution of urgent economic and administrative questions (the provision of trading enterprises with priority deliveries of deficit commodities in excess of those allocated, cadres questions, and so forth) is redistributed among numerous middlemen (the same ordinary "managers") who have personal or official contacts among corrupt employees in the administrative apparatus. Research has revealed a definite pattern: The more stable and extensive the contacts are between the leader of a middle-level production unit of a particular enterprise (in trade, local industry, public catering, consumer services, and so forth) and the administrative apparatus, the smaller the amount of money which is deducted for systematic gifts to obtain protection and assistance at work. Not only the apparatus of providing security for organized crime, but also the existence of a sizeable group of individuals who redistribute criminal income are based precisely upon the existence of the administrative bureaucratic system.

As a result, by taking into account what has been expounded above, it may be assumed that to one degree or another, the "manager" group controls up to 50 percent of the entire shadow turnover. However, because of the large number of representatives of this group, this monetary mass is considerably dissipated. Their personal "fortune" hovers at around several hundred thousand rubles.

The next group comprises the lower-level executors (the "soldiers" of professional and organized crime). They perform very varied roles ranging from that of racketeer to modest seller or commodity "appraiser"; these are the people who for decades have been systematically creating the "primary capital" of organized crime. It is difficult to determine precisely how many executors there are in total: Many of them lead a double life, simultaneously coexisting in the sphere of economic organized crime and in the legal structures of society. Moreover, the majority of them (particularly trade workers, domestic service workers, and so forth) consider themselves to be decent law-abiding citizens who are forced to be a little "resourceful"; they do not identify themselves in any way with those people engaged in the shadow economy. A similar "parallel" existence based upon double moral standards is an extremely important condition of the expanded reproduction of economic crime in general and of its organized form in particular. Incidentally, 73 percent of the experts polled by us pointed to this circumstance. [7]

By proceeding from what has been stated above, we can draw the following not very favorable conclusion: The thesis that records and control alone (irrespective of the principle system forming parameters of the economic mechanism) are capable of successfully solving the problem of economic organized crime should hardly be taken seriously today. In exactly the same way, we must not harbor any illusions with regard to the possibility of solving this problem by simply intensifying the activities of the law enforcement organs; they only deal with the consequences of shadow economic processes. It would be futile to pin one's hopes on repressive measures against criminals for the added reason that currently existing criminal and criminal and procedural legislation is not able to provide a sufficiently effective solution to problems which have become ripe (this is the opinion of 97.2 percent of experts polled). Of course, it does not follow from this that the law enforcement organs can completely abandon the struggle with such phenomena. On the contrary, it is impossible to solve the problems which have been indicated without a qualitative improvement in the activities of the procurator's office, the organs of internal affairs, and the court. However, our main efforts should be concentrated on preventive measures which have a general social character. It is only possible to halt the expansion of the sphere of the shadow economy, which produces the most socially dangerous form of crime, by steadfastly democratizing and improving our economy as a whole and by expanding the legal possibilities for increasing the economic activity of the population.

Footnotes

1. Here and further on, when the author's own assessments are given, one should bear in mind that they are based upon materials of research carried out by research workers in the laboratory of social and legal research of the juridical faculty at Moscow State University imeni M.V. Lomonosov and at the USSR Ministry of Internal Affairs Moscow Higher Militia School. Methods of expert assessment, surveys, and the study of criminal and economic statistics, criminal cases, and other materials belonging to the law enforcement organs were used.

2. For more detail see Yu. Kozlov and O.V. Osipenko: "The Deficiencies of Material and Technical Supply and Economically Profitable Crime." SOVETSKOYE GOSUDARSTVO I PRAVO, 1988, No. 6.

3. IZVESTIYA, 4 January 1990.

4. "Organized Crime." Moscow. YURIDICHESKAYA LITERATURA, 1989, pp 63-64.

5. It should be noted that the proportion indicated refers only to the given category and also, in part, to the following category of individuals [the general criminal "elite"]. The level of hoarding and consumption is considerably more modest in other groups such as "managers" and executors [ispolniteli] which will be examined below. However, there are examples where the standard of living of leading functionaries in the shadow economy who have invested practically all their capital in business differs little [at least externally] from that of the average Soviet citizen.

6. LITERATURNAYA GAZETA, 1989, No. 29, p 13.

7. This statistic, along with subsequent statistics, is based upon a survey carried out among 207 employees of the law enforcement organs by assistants in the laboratory of social and legal research of the juridical faculty at Moscow State University imeni M.V. Lomonosov.

Council Member Interviewed on Economic Program

AU1106060090 Moscow KOMMUNIST in Russian No 7, May 1990 (signed to press 20 April 90) pp 31-38—FOR OFFICIAL USE ONLY

[Interview with Stanislav Sergeyevich Shatalin, member of the USSR Presidential Council and academic secretary of the USSR Academy of Sciences Economics Department, by A. Ulyukayev; date and place not given: "The Economic Program of a Political Party"]

[Text] [Ulyukayev] Stanislav Sergeyevich, you have already spoken about the draft CPSU Central Committee platform in your speech at the Central Committee plenum. Today we will discuss its economic content in more detail, but first a more general question: How, with the passing of time, do you now evaluate the document as a whole?

[Shatalin] Yes, of course, an evaluation of the economic section only has meaning in connection with an overall evaluation of the draft platform. It seems to me that the present variant represents that level below which we must not fall. However, it is possible and necessary to raise ourselves up, not only with regard to economic but also to political and other aspects. I believe that we have not revealed, as we should have done, the fundamental errors of the socioeconomic, political, and spiritual development of our country and our party starting from 1917. What is written in the platform with regard to this conforms to the conception of deformed socialism. However, it is a great temptation to move away from answering the most important questions, questions to which we must obtain an answer not because we would like to mask our mistakes, but in order that we may now take responsible political steps. I think that the compromise character of the document is, in many respects, linked precisely to the fact that we have not called everything by its proper name.

[Ulyukayev] However the following question arises here: Can a party of the vanguard rather than the parliamentary type, a party which brings together under one "roof" the most diverse political forces—from ultraradical to unswervingly orthodox—in principle adopt unambiguous and clear program documents which are not in the "left-right" vein?

[Shatalin] I agree, but only in part. After all, such an evaluation of the character of the document may be applied as much to the type of party as to its present state, and this is a crisis state. Indeed, there are left-wingers and right-wingers and all kinds of people in the party. However, this cannot continue for long. The forthcoming congress must at last shape our political face and course. Without this, the proclaimed course of movement toward democracy, the market, and humanism cannot be realized, and the country cannot be dragged out of its acute political and socioeconomic crisis. One cannot play on two teams at the same time. The CPSU must be a party of consistent, radical reforms, a party of historical initiative. Attempts to further convince ourselves and others of the possibility and necessity of so-called intraparty consensus may end in the defeat of the CPSU.

It seems to me that the people still believe in the party. However, it must be said honestly and openly that the party is not unified. That both history and the present situation must be evaluated in clear terms, without all kinds of "on the one hand and on the other hand." It must not be written that thanks to the party, and in spite of deformations, we have done this or that, we have carried out industrialization, we have strengthened our defense capability, and we have overcome collapse. These stereotypes must be rejected. The development of production forces must not be viewed as an ideological achievement. After all, factories have also been built in Japan and in the FRG. is this thanks to the leading role of the CDU [Christian Democratic Union] or the LDP [Liberal Democratic Party]? It cannot be asserted that

without the leadership of the party we would have stood still. This is untrue in both the economic and the political sense. We state that we are renouncing monopoly, yet once again we are trying to promote it by fair means or foul as the monopoly of historical leadership.

We have finally come to understand that the prospects for our society lie in normal democratic socialism. In particular, we must finally settle accounts with totalitarian state socialism. Otherwise, much will be assessed by society as constituting no more than the usual summons and promises of which the people have had their fill.

[Ulyukayev] What do you mean specifically? Can you give two or three examples of what you regard as those adequate evaluations of our past and of the particularities of the existing system which the draft CPSU Central Committee platform is lacking?

[Shatalin] First. Total state ownership has proved itself bankrupt. It is precisely the attempt to implant it everywhere, guided not by economic but by ideological criteria, which has given rise to the most acute problems of our economy: the low efficiency of production, chronic backwardness in the sphere of scientific-technological progress, inability to guarantee a high quality of output, and orientation of the economy toward production rather than consumer sectors.

Second. The agrarian system was created in an ineffective form. It is an ideologized structure, thought up by the apparatus in a peasant country for the resolution of their own political and ideological tasks. In practice, collective farms became a state sector. Cooperatives, in point of fact, existed in name only. Even traders' cooperatives were eliminated. Any effective forms of economic activity which got in the way of incompetent ideologized diktat were destroyed.

Third. Without dramatizing the situation, but rather remaining on factual ground, we must recognize that, on the whole, implementation of the country's socioeconomic development has taken the least effective path. This has been a path of extensive development, escalation of labor and material resources, departmental "assimilation of means," and production for production's sake.

We say that the party and the people have made the socialist choice and, in the historical and political sense this is indeed the case. However, it is probable that this choice must also be confirmed in a formal legal manner. Perhaps it would make sense to consult the people about this once again, in the form of an all-Union discussion or a referendum. On the other hand, we are now at the stage of a "radical change in our entire point of view with regard to socialism," and this means that we are once again making a socialist choice. What are we choosing? I think that we must clearly designate the obligatory foundations of democratic and humane socialism: a multiparty system; political democracy; pluralism of forms of ownership and economic management; free enterprise; progressive taxation; social protection; ecological safety; and the humanization of society. If we do not do this, we will once again give full and free range to various kinds of speculation and to those people who try to pin all kinds of "accusations" onto socialism and the party. We ourselves must gain an understanding of our heritage—calmly, soberly, and honestly. If we do not do so, others will. They are already doing so! Not calmly, not soberly, and not honestly. We must restore our identity before the people, before the intelligentsia, and before the entire world. We must prove that we are more profound, more clever, and more intellectual than those forces which are now attacking our movement. The CPSU must understand that it does not have a monopoly on the truth and that it is not the sole savior without whom renewal is impossible. It is simply indecent for the leading party to state that, apart from itself, there is no other force capable of carrying out the policy of perestroyka. Political leadership is not an axiom but a theorem. It must be proven, and it must be proven every day. Let us wait a little before we make lofty self-evaluations. Let the people themselves evaluate us.

[Ulyukayev] However, there is still the problem of the "historical yoke." Our people absorbed with their mothers' milk the fact that socialism contradicts precisely what you have enumerated: a multiparty system, enterprise, a free market, the movement of capital, and so forth. What do you think about this?

[Shatalin] This is our common cause. All of this should be explained by intelligent and sober people, starting with the president. The people will understand. Our people are intelligent, they do not like to be deceived. I am convinced that intellect, competence, and responsibility are on our side.

[Ulyukayev] You said that what is going on in the country is not in fact perestroyka but the building of socialism. However, generally speaking, can building of socialism constitute the program of a political party today? Or must it deal only with absolutely concrete questions of how to emerge from the crisis?

[Shatalin] Why not? A crisis is a crisis and socialism is socialism??? Socialism is designated as a goal in the programs of all social democratic parties. However in our case, as they say, it was absolutely natural. Precisely socialism. That socialism which we have been speaking about, that socialism toward which the draft CPSU Central Committee platform is leading. The problems lie elsewhere: In our country, the name of the party is not commensurate with its goal. I agree that a change of name is probably inopportune at the moment for a number of considerations. However, we must nevertheless speak about this openly and calmly and conduct an honest and reasoned discussion.

[Ulyukayev] Let us move directly to the economic part of the draft platform. Is it necessary at all? Should a party

document make mention of the stimulation of scientific-technological progress, of forms of ownership, trade, banks, and so forth? Must a political party define its attitude to the market and to enterprise? Is this not the source of the new wave of ideologization to which these concepts are being subjected, the source of the appearance of certain kinds of "homunculi" of the socialist market and socialist enterprise type?

[Shatalin] It is absolutely necessary to speak about enterprise and the market, although in meaningful terms of course. It is extremely important, precisely for a party of socialist choice, that it should designate its attitude toward freedom of enterprise, for this means choosing a certain model of socialism, that model whose focus is creative man, seeking, making independent decisions, and ultimately taking full responsibility for them. After all, it is precisely in independence and responsibility that the essence of enterprise lies.

Of course, European social democrats have no need of dwelling on the market and its mechanism. For them it is the same as saying that every child has a mother and father, but for us, words about the market are a political statement. It is tantamount to a "declaration of the rights of man and the citizen." In our country, it is simply imperative that the ruling party should be obliged to formulate the question of the economic market mechanism. It must be clearly stated that this does not conceal the ambition of certain intellectuals, but that what lies behind it is rather the political will of the party of socialist choice.

[Ulyukayev] Is it correct to sum up by saying that as distinct from the majority of political parties in civilized countries we have to explain to the people and the voters too many things which, in those countries, go without saying?

[Shatalin] Absolutely correct. Quite trivial ideas are a revelation for us, a "dangerous" novelty. It is precisely this fact which is giving rise to the demand for greater detail and clarity which is being made of the program document.

The party must help the president and provide him with stable social backup organizations for carrying out a policy of real perestroyka and for creating a normal, healthy economy. In general, this is in fact contained in the draft platform. Although I criticize many of its theses from, so to speak, radical positions, I must firmly state the following: The platform is nothing to be ashamed of. It is indeed our political achievement, an important step in the existing system of coordinates. I voted for it.

Further. Our party, which for a long time professed the principles of all-embracing and formally public ownership, must state whether or not we will permit pluralism of forms of ownership. This is a principled question. Prices, foreign trade, reform of the banks—it is quite possible that the platform might fail to take all of this "on board." However, if we take account of the fact that we have spent so much time in irrational economic conditions, endowing ordinary terms with utterly unthinkable content, it is perhaps useful to speak again and again about these simple things, if only to enable them to enter normal usage. They will receive, as it were, a party "indulgence."

[Ulyukayev] Let us proceed from this methodological part to more specific theses. The content of the economic section of the platform is well known. In your opinion, what should be added and what excluded? What should be changed?

[Shatalin] First. The declared pluralism of ownership is, for the time being, nevertheless still declarative. The program proceeds, as it were, on the basis of a presumption of innocence on the part of state ownership. The remaining types of ownership must still prove their innocence. It seems to me that the task is exactly the opposite one. It is state ownership which must prove its rights, its very right to existence. Unfortunately, in the course of seven decades, too much "compromising material" has accumulated against it in our country. There is no such "negative backlog" behind other forms of ownership. It is true that they face the prejudice of many of our citizens but that, after all, is why the party of reforms exists, in order to dispel these prejudices with well-considered statements and actions. That is why we must show where and how economically rational state ownership is possible; the remaining forms of ownership are possible everywhere.

Further. Both the draft platform and the Law on Ownership make an insistent declaration of the impermissibility of wage labor, the impermissibility of the so-called exploitation of man by man. What about the overexploitation of man by the state? This is very probably worse. You can still beat employers with the help of the trade unions, but the state will always be stronger. That is what must be feared. We must not set up artificial barriers to, for example, share ownership. We must not prohibit the purchase and sale of shares in order, heaven help us, to prevent exploitation.

These notions proceed from the capitalism of the 19th century. However, the times are different now. Ask an American: Are you prepared to be exploited? He will reply: For how much? For 100,000 [denomination not given]. I am ready, he will say, to be overexploited. As far as ownership is concerned, take it, gentlemen, and do not give me any more. After all, far from everyone is desperate to be an owner, to be in a position of having to answer a mass of complicated questions every day and of being constantly subjected to the risk of going bankrupt.

In our country, among other things, the standard myth has asserted itself that everyone must be owners. We must find owners, for without them nothing will succeed and, if they are not to be found, we must cultivate them. However, forgive me for saying so but in that very same America, far from everyone is an owner. "Popular capitalists" and collective owners embrace what is an insignificant part of the overall economy. According to our

terminology, everyone else is being exploited, although within a strict legal framework of course. They have legislation and the most powerful trade unions behind them and this makes it possible, in conditions of an effective economy, to guarantee their social protection, including guarantees that their wages will rise in inflationary conditions and unemployment insurance.

Generally speaking, it is time that we recognized that ownership is far from being simply a matter of the cinematographic "sweet life." It is first and foremost a great load, a burden which appropriates a man, all his time and all his strength, without holidays and free days. Ownership is impossible without responsibility and competence. If once again we start operating according to the principle of "take away and share out" there will be no social responsibility of any kind. There will be social parasitism. There will be ochlocracy. There will be equality in poverty.

[Ulyukayev] Do you consider that all provisos about the impermissibility of exploitation must be excluded and that free enterprise is permissible in all spheres?

[Shatalin] Absolutely. After all, this is now the case in Poland, in Hungary, and in Bulgaria. Of course there may be various kinds of quantitative limitations, but this is already a question of mechanism and not of principle.

[Ulyukayev] Interpretation of the new economic role of the state occupies much space in the economic section of the draft platform. At the same time, arguments are not infrequently heard today to the effect that the most intelligent move which the state can make is to leave the economic sphere completely. What is your opinion on this matter?

[Shatalin] If we are speaking not of the 19th but of the 20th century, the economic role of the state is of course a great one. After all, there are things which the market, by definition so to speak, cannot do. Its mechanisms are good for accommodation and for rapid adaptation to changes in demand and technology, but no market can ever resolve for the future the problem of the comparative effectiveness of the production of commodities and the problems of education, culture, health protection, and the development of backward regions. That is a natural field for the application of state resources, for state intervention in the market economy. Instead of the artificial problem of "plan or market" it is this which we must think about, and about the mechanism of state regulation of prices, credit, subsidies, taxes, and so forth. In principle it is by no means obligatory, for example, for the state to retain ownership of defense enterprises. In a competitive struggle for orders they will not work any less well, and their costs will be less.

A situation in which we want to build planned market socialism but do not understand exactly where state ownership is expedient and effective is an absurd one. First and foremost, the state must keep an eye on the infrastructure, the development of fundamental sciences, and education. It must provide social protection. Besides, the very term planned market economy seems strange to a specialist. After all, the economy is a "planned market" economy everywhere. In our country too, even in the days of 100-percent Stalinism, there was in fact a market. Deformed, distorted, "black," "grey," but a market. On the other hand, given any declarations of market freedom, plans (precisely plans, and not decrees and directives) of economic development are compiled in all countries. In one way or another, any state figure who is implementing a definite economic policy embarks on the path of macroeconomic planning. That is why I would propose the term "economy of a regulated market and of the social protection of citizens."

[Ulyukayev] Stanislav Sergeyevich, let us suppose that we have managed to resolve all of these ideological problems. However, problems of essence suddenly appear. For example, we declare real pluralism of forms of ownership but it means that privatization must then be carried out. How do we envisage this?

[Shatalin] This must be said directly: We know very well how to take ownership away from the population, but we are clearly not ready to show, in a reasonable and calm manner, how to carry out economically effective and socially equitable privatization. Yet these processes are under way among the Poles and the Hungarians. We must occupy ourselves with the serious study of this question and, in general, undertake detailed research into the problems of the transition period.

I will say this once again: A political party does not need to understand the economic mechanism. We are simply obliged to do everything we can to overcome our ideological allergy to economically rational concepts and phenomena. Both scientists and the government will then be able to work calmly and find optimal solutions.

[Ulyukayev] You speak of an economically regulated market and social protection. Let us now turn to the second half of this formula. How must the political document of the Communist Party present social protection in a rational economy?

Certain realities must be taken into account here. First, making a transition to a realistic and effective economy will inevitably result in unemployment. It is clear that within the state sector there are in fact and there always were enormous surpluses of manpower. Unemployment is officially recognized in some overpopulated agrarian regions, for example in Central Asia. Workers will be released as a consequence of progressive structural and technological changes. That is why we need mechanisms and institutions to avert unemployment and guarantee the retraining of workers. We must create corresponding funds, both central and regional. We must also give social protection to all those who lose their jobs and assign resources for their retraining. The draft platform speaks of this. However, it should have been dealt with more clearly and in greater detail. What is ultimately involved here is the social cost of perestroyka. It must

not frighten people. Citizens' fears and their anxiety about tomorrow must be removed by reasoned argument.

The next problem is price reform. It is imperative. As a specialist I would say that it is impossible to give everyone full compensation for the rise in prices. After all, there is a great differentiation in incomes and an enormous list of products. It is impossible to introduce an individual norm of compensation for every person. That is why the implementation of price reform must only involve compensation up to a certain level of income, not the present mythical R75, moreover, but at least R125 per month per head of population. Those people whose income is above this level must make a few temporary sacrifices. It is clearly obligatory to include pensioners, invalids, and citizens with many children and low incomes in the category of those to be compensated.

A heathen myth was current in our country for a long time and, indeed, it still is. It may, of course, be true that socialism is less economically effective than capitalism, but on the other hand what social guarantees it offers its working people! Even in our society, which is still far from liberated and which, in many respects, has still not eliminated the ideology of Stalinism, such assertions are referred to as political demagogy of the very lowest order by the overwhelming majority of our increasingly wise population. Economic effectiveness and social justice are not enemies but a stable foundation for one another. Or perhaps it is the case that social justice lies in equality of poverty and not in honest and productive work?

Our social sphere, in which investments have increased—and this is absolutely correct policy—functions according to the principle "every man for himself." One hears ever more frequent calls to the effect that the capital of enterprises must play an increasing role in resolving social problems. No one, politicians in particular, wants to understand that this leads to utterly unjustified social inequality: A bad worker at a "good" plant receives significantly more than a good worker at a "bad" factory. On the whole it works something like serfdom: A "good" master takes care of the "serfs" committed to him. Enterprises perform all functions: They heal, they feed, they gather in the harvest, and they breed their own steers and piglets. There is only one thing which they do not do: They do not produce good output, for the sake of whose very production they were in fact created. This is truly a hymn to Soviet anarchy and all-powerful departmentalism. Both the economy and the social sphere ultimately suffer because of this. We have built enough departmental, corporative, factory pseudosocialism. If we do not understand this now, we will never understand it.

[Ulyukayev] There is one more important problem: The structure of the national economy. Is it necessary for the party to defined its attitude toward this?

[Shatalin] In principle, it is not obligatory for the CPSU Central Committee platform to note this in its economic section. It must be included in the programs of the government and the president as one of the most central issues. This is what happens after all: The budget limitations in the economy are very "soft" and centralized funds are allocated without regard for the efficiency with which they are used. No one knows where they go and what will happen to them. This automatically gives rise to never- ending construction projects, unfinished work, and deficits. The share represented by heavy industry is evidently too high. The economy uses large amounts of metal, resources, energy, and labor. Normal participation in the international division of labor offers the only way out here. For this, we must show that we are honest partners with a normal market. We must not be afraid that in market conditions there will be a lack of metal or some other item. The experience of any developed country shows that there will be more than enough.

Our economy was previously autarkic. Everything had to be of our own making—from the computer down to the last nail. However, as we proceed to enter the world economic system we must now understand that we cannot develop all types of production and all types of scientific activity. The preservation of our overweight national economic structure casts doubt on the resolution of many problems, including, for example, the problems of eliminating the budget deficit. After all, investment here is long-term investment, and inflation is thus forced upwards. However, and I will say this once again, this is the affair of the government.

What absolutely must be included in the program of actions of a political party are elaborations concerning the interaction between large- and medium- scale production and small business. Their optimal combination is indeed a most important economic and political problem. There are opportunities here for scientific-technological progress; for renewing output; for resolving the problems of improving rayons and villages; for regional renewal, for employment; and for raising the technological, economic, and social level of the nation.

[Ulyukayev] Must a party program somehow designate its own position with regard to the government? Is support for the government obligatory? Or is it perhaps expedient to assume a reasonable distance?

[Shatalin] I think that there must simply be overall support for the transition to the market and for the program of financial improvement, a clear and precise statement to the effect that there is no alternative to the market path. The party must undertake to defend the market path and to calm public fears of a decline in living standards. All the rest is the affair of the government. Although it is a government supported by the ruling party, the party must reserve the freedom to criticize it. In a loyal and constructive manner of course.

[Ulyukayev] Stanislav Sergeyevich, we are now living in conditions of real political pluralism and a multiparty

system. It is emerging that the party, which has included economically rational but severe and unpopular measures in its program, is undertaking responsibility for them and risks losing too many points in the elections. What do you think about this?

[Shatalin] Such a danger does indeed exist. It is always more favorable to promise a land flowing with milk and honey. This is in the short term however. What is needed in the political long term is first and foremost the truth. As with Tvardovskiy, "It is only untruth which harms us." Second, there must be intellectual strength, and I have no doubt that intellectual forces are closing ranks around the honest, progressive, and realistic platform. This will make it possible to win any elections.

Of course, we must be prepared for the fact that various demagogic forces will play on this and that people will accuse us of all the deadly sins, will insult us and caricature us. We will have to endure this, and try to cope without emotion.

However, only if it makes the difficult but necessary choice will the CPSU be the party which society really needs.

Official Stresses Competition, Free Prices

WA0706185290 Moscow ARGUMENTY I FAKTY in Russian No 22, 2-8 Jun 90 pp 4- 5—FOR OFFICIAL USE ONLY

[Report on interview with N. Petrakov, aide to the USSR president for economic issues, corresponding member of the USSR Academy of Sciences, by ARGUMENTY I FAKTY correspondent N. Zhelnorova; place and date not specified: "In the Economy, a Market Means Democracy"]

[Text] **We are switching to a market! For many years, the progressive people of our country have awaited this decision of the government and worked to bring it closer. A radical program of transition which we recently familiarized ourselves with has its strong points, but it also has weak ones. This is quite natural. It would be naive to believe that the profound economic crisis we got into over many decades could be resolved overnight by a single prescription. Certainly, we will not be able to achieve right away what developed countries have achieved through a market economy over many years. Various opinions and proposals for avoiding mistakes come to the fore. After all, this involves our entire country, all of us!**

[Zhelnorova] Nikolay Yakovlevich, as recently as several years ago, it was "no" to the market, but now it is "yes." Is this out of desperation? The situation is paradoxical: The government is calling for a market economy, whereas some of the people are resisting.

[Petrakov] Everything hinged on ideology. It was believed that everything in our country should be the reverse of what "they" have. Since they had markets it meant that we should not. Many people failed to understand that markets exist outside politics; there was a market thousands of years ago, it existed (and exists) in our country as well, but as "a shadow market." In general, markets are a mode of economic operations. Since we say "more democracy," in the economy a market means democracy. You can put the people in prison for five ears of wheat gathered from the field of a collective farm, but it is impossible to make an individual harvest 50 quintals of grain per hectare by threatening him with a stick. The economy cannot be built on either enthusiasm or coercion. These are short-term factors.

[Zhelnorova] How are we going to switch to the market if private property still remains unrecognized in our country?

[Petrakov] Our legislation should envisage the equality of all forms of property, including private.

It is one thing how the party, ideology, and the public treat such property; the legal substantiation of market relations is another thing. We still place private property in a position of inequality, and this indicates that we are somewhat unsure as to whether socialist property will win in a struggle of equals. We are combining them, though as I see it, the socialist form of property is quite competitive.

[Zhelnorova] For 70 years, we have been scaring the people with private property and declaring, "Peace to the slums, war on the palaces!", and we've gotten what we wanted. We have taught a majority of the populace to be poor, which we are no longer afraid of; we have reconciled ourselves to this, and if we are afraid of anything, it is the abundance which the market creates.

[Petrakov] Many people are afraid of privatizing property, but this is actually its denationalization. After all, it is not at all necessary to hand property over to some wheeler-dealer or a meritorious production worker.

The first thing we need to do is to make state enterprises into joint-stock companies, eliminate branch ministries which are super-monopolies, and create a committee for the management of state assets, whose task will be to evaluate the assets of major enterprises and transform them into joint-stocks companies.

[Zhelnorova] However, this is also part of the government program.

[Petrakov] In the program, this issue is not a high priority, and in practice the program provides for selling shares only to those employed at the enterprise. It is necessary to make it so that an employee will be entitled to retain shares after leaving the enterprise, give them as a gift, and will them.

[Zhelnorova] However, in this case a stock exchange will be necessary!

[Petrakov] Definitely! We need to create a securities market and give the banks, cooperatives, and foreign companies the right to purchase securities. Incidentally, in this case the issue of joint enterprises will be resolved. Besides, we need an investment (capital) market. At present, whichever way our investments are distributed, it is not the economic way. Meanwhile, the investment market is no less necessary than the merchandise market because goods are a derivative of capital investment.

The sale of investment shares determines social priorities. The more important an industry is for the people the greater the demand for its shares. However, the main point is that competition, the soul of the market, is created. The market itself begins with creating an environment for competition, encouraging small businesses and individual enterepreneurship. To this end, the state should give loans and premises to the people on preferential terms. This is important because people with an entrepreneurial disposition but without money will not be able to apply themselves otherwise. In this case, only the shadow-economy operators who have capital will be able to take advantage of the fruits of entrepreneurship. We should develop honest business.

[Zhelnorova] What do you think the referendum will show?

[Petrakov] I am surprised by the boldness of our government. If the referendum is to determine whether prices should be raised or not, they will tell you in any country of the world, without any referendum, that they should not. If the issue of whether to switch to the market or not is to be submitted to a referendum, the people cannot be asked about something they do not know.

After all, the information which many people have about the market is greatly distorted. Previously, only bad things about the market were communicated to all people; poverty, prices, unemployment. For decades, ideological cliches which clouded the mind were used. This is why, naturally, the attitude toward the market is so guarded.

[Zhelnorova] Undoubtedly, the cooperative movement was a factor which displayed the dark side of the supposed market relations.

[Petrakov] Indeed, "a black market" in our country existed even when there was no market at all. A good craftsman could always be found for an insane amount of money. With the appearance of cooperatives, this situation was legalized. Everything they offer is better, but it costs a lot of money—in a word, it is for the rich only. However, neither the shadow nor the cooperative markets are real markets. They are always based on the prevalence of shortages in the rest of the economy. These markets have always been restricted adiministratively, and so payments for their services were still higher due to risk, all the more so because they distributed rather than produced.

We also made cooperative members into monopolists by our restrictions. Frequently, sales outlets which used to belong to the state and should compete with cooperative members are handed over to the latter. A market does not mean high prices, as many people think, but a competitor who may get the upper hand either due to the high quality of products or low prices.

We also have competition—among consumers for the goods (there is a line, and some people get the merchandise while others don't—this is competition as well). Competition should be placed right side up; it should be developed among producers for consumers rather than the other way around. If a producer charges high prices he has high profits. This means that he can expand production, and prices will then drop. Someone might ask: Why would he do this if it is disadvantageous for him? However, he cannot fail to expand production because if he doesn't his neighbor will, and prices will still fall, but he will be left with low profits. When production is expanded profits fall too, but per unit of output rather than for the entire mass.

In our country it is believed that he who favors free-market prices supports high prices. However, prices may also fall, and in the market it happens more frequently than it does now.

[Zhelnorova] Will our tax policy stifle the expansion of the production of goods?

[Petrakov] Anything is possible. We may kill the hen which lays golden eggs. I cannot understand why we have a progressive scale of taxation if the task is to provide a maximum of incentives rather than stifle business activities.

[Zhelnorova] Should we strive to reduce our budget deficit now? Could it be that it makes sense to freeze it temporarily?

[Petrakov] It is not the deficit itself but its structure that is frightening. At present, the budget deficit consists mainly of excessive state expenditures for inefficient programs. We must introduce an extreme austerity budget. We should combat protracted construction programs and unfinished production.

"Dispersed construction projects" are a source of inflation. The increment of unfinished construction in one year alone amounted to R39 billion, of which the wages of construction workers accounted for about R10 billion. After all, this includes tied-up resources and subcontracted parts for which producers were also paid their wages.

[Zhelnorova] Do we need a five-year plan?

[Petrakov] We need to change both the concept and the very form of the plan; it should be made strategic. Major, nationwide programs should be included in the plan.

[Zhelnorova] However, are the same people capable of changing their thinking?

[Petrakov] Of course, not only political but also professional realignment is important. To this end, people need to be trained, perhaps, even abroad. We are not rich enough to buy cheaply.

Sakhalin's Top Official Comments on Economy

OW0806055990 Tokyo YOMIURI SHIMBUN in Japanese 5 Jun 90 Morning Edition p 4—FOR OFFICIAL USE ONLY

[Interview with Salkalin Oblast soviet executive committee Chairman Valentin Fedorov, by YOMIURI SHIMBUN correspondent Asaumi—place, date not given]

[Text] Moscow— The Soviet Union calls perestroyka (restructuring) the second revolution. At a time when the economic reform, which is seen as the core of perestroyka, is not making as much progress as expected and skepticism for perestroyka is running high, actions of an economist are drawing attention in the Soviet Union. Valentin Fedorov, who is an economist and 50 years old, is about to assume the post of chairman of the Sakhalin Oblast executive committee, a post equivalent to the Sakhalin governor, to experiment with the market economy. He is about to assume the post with the enthusiasm to convince the Soviet people of the future of perestroyka by making the experiment a success. A YOMIURI SHIMBUN correspondent interviewed him shortly before his departure for Sakhalin. Following are the questions and answers in the interview.

[Asaumi] You appear busy preparing for departure.

[Fedorov] At any rate, reform should be hastily carried out. If my departure for Sakhalin is delayed one day, residents in Sakhalin cannot gain as much as they should. This is what I am now feeling.

[Asaumi] Do you have any ties with Sakhalin?

[Fedorov] I was born in Yakutsk, Siberia. I have never lived in Sakhalin.

[Asaumi] Why then are you going to Sakhalin?

[Fedorov] I first mentioned Sakhalin in 1985. I mentioned it to "protest" the government's economic policy. At the time, experiments with regional economic reform were being widely carried out across the Soviet Union. However, I thought that such experiments were of no significance. I wanted to assert that the experiment should be carried out in a geographically and historically independent region like Sakhalin. There are no regions but Sakhalin which can meet such conditions.

[Asaumi] You plan to achieve a complete autonomy of entire Sakhalin enterprises from the central government, establish stock markets, sell lands to farmers and carry out a price reform. Your plans are so radical that even MOSCOW NEWS, a reformist paper, is doubtful about them, asking: "Will it be possible for him to implement such plans?"

[Fedorov] What is important is that the central government does not meddle in the affairs of Sakhalin. Matters concerning Sakhalin should be decided by residents of Sakhalin. Since the planned economy does not work, the Soviet Union now aims to introduce an "adjusted" market economy. "The adjustment" will end in benefiting only the CPSU Politburo and the military. This is not the original market economy.

[Asaumi] Your plan to create "a Sakhalin fund" is drawing attention. What do you think?

[Fedorov] What we need now is "the New Economic Plan" (NEP) and "the Marshal Plan." The NEP takes too long. It is necessary to raise funds from people who are interested in the development of Sakhalin. Moscow knows nothing. I have written six books on the market economy. I spent six years in West Germany, researching the market economy. I actually understand what it is.

[Asaumi] However, theory is one thing and practice is another.

[Fedorov] Needless to say, any attempt to change everything will cause confusion. Therefore, I have maintained that the experiment needs five years and its completion needs another five. At any rate, I shall present the results of my experiment to people residing in the Kremlin in 1995 and press them to choose between "my resignation" and "their resignation."

[Asaumi] Will Moscow not dismiss you before you press them?

[Fedorov] To be sure, even residents of Sakhalin are afraid of "the experiment" and want to know only its results. If Moscow intends to dismiss me, however, I am firmly determined to tell the residents the truth to have them understand it. I have nothing to lose.

[Asaumi] What makes you so enthusiastic about the experiment?

[Fedorov] I want to find a way to bail our nation out of the "crisis." Moscow is 30 years behind London and Paris, and Sakhalin is 50 years behind Tokyo. Therefore, I want to make changes in Sakhalin a success, and then encourage the Soviet people to have a conviction that changes in the entire Soviet Union are possible.

[Asaumi] Your plans include cooperation with foreign nations.

[Fedorov] Of course, they do. I sincerely hope that Japan will cooperate with me in seeking a future of change instead of simply seeing Sakhalin as a supply source of industrial raw materials.

Deputy Premier Views Implementing Market Reform

OW0106070090 Tokyo YOMIURI SHIMBUN in Japanese 29 May 90 Evening Edition p 1—FOR OFFICIAL USE ONLY

[Text] Moscow, 28 May—In an interview with a YOMIURI SHIMBUN correspondent in the Kremlin on 28 May, Soviet Deputy Premier Leonid Abalkin, who is in charge of Soviet economic reform, disclosed that in accordance with government plans to introduce a market economy, the government's four-point decision on establishing private companies will be announced in June and it will be implemented beginning 1 July. In the interview, the deputy premier also indicated that the plans will be put to a referendum in August after public debate on them for one or two months in accordance with a presidential ordinance. It is the first indication of the timing for the referendum on the economic plans. It is believed the government has firmed up a plan to implement its four-point decision before it is submitted to a Supreme Soviet session in August as a formal bill. It favors this way since it would take too long for a formal bill to be approved. Thus, the Soviet Union will take its first step toward a market economy this July.

Mr. Abalkin is a member of the Soviet think tank on economic policy. He assumed the post of deputy premier last June after serving as director of the Economic Institute from 1986. He is also concurrent chairman of the State Committee for Economic Reform.

In the interview, the deputy premier said that 20 bills have been prepared for submission to the next Supreme Soviet session. They include: 1) a bill on the establishment of united (federal) markets; 2) a banking system bill; 3) an antimonopoly bill; 4) a bill on private companies; 5) a bill on free commercial activities; and 6) an employment bill. He made it clear that among the bills, four on the establishment of private companies, taxing monopolistic profits, salary increases, and employment—which require "immediate enforcement"—will be implemented as temporary measures according to government ordinance.

According to the deputy premier, the government ordinance concerning private companies provides that banks, cooperatives, foreign-affiliated enterprises, and individuals belonging to them are eligible to acquire stocks. However, the ordinance bans dealing in stocks by individual stockholders. The deputy premier added that such a ban would be lifted after a two- to three-year "transfer period" and stock exchanges are formally established.

On price reform, the deputy premier disclosed that the government has drawn up a draft plan that envisages sweeping liberalization of prices from 1 January next year. However, the deputy premier said the initial draft was rejected by republic representatives because of "its radical nature" at a joint session of the Presidential Council and the Federation Council held in April. He said the final draft was an outcome of compromises at the session.

On increases in bread prices beginning 1 July, the deputy premier stressed that "the increase is in line with increases in the state's purchasing price of grain." In the interview, he indicated that the Supreme Soviet plans to adopt a resolution on another economic package to distinguish pricing reform from other bills. The deputy premier acknowledged panic buying in "most major cities" across the country after the unveiling of the government's plans. However, the deputy premier expressed confidence that the government will overcome the social unrest, saying "I think it is possible for us to win back the people's confidence in government through the referendum."

GATT Opens Way for World Trade Involvement

PM0506150090 London FINANCIAL TIMES in English 31 May 90 P 23—FOR OFFICIAL USE ONLY

[Letter from Ivan Ivanov, Deputy Chairman of the State External Economic Commission of the USSR Council of Ministers: "The Soviet Union and the World Trading System"]

[Text] Sir, The Soviet Union's acquisition of observer status to the General Agreement on Tariffs and Trade (GATT) gives it the right for the first time to participate officially in the activities of the steering and working bodies of GATT and to attend its opening.

Apart from becoming involved in the formulation of world trade policy, observer status gives the Soviet Union access to GATT's records and unique experience in foreign trade management, which will be essential for the competent drafting of Soviet foreign trade legislation.

The GATT decision is also of considerable political significance, signifying support for perestroika and de facto international recognition of the current changes in the Soviet economy's management.

Indeed, the deciding factor appears to have been the Soviet leadership's decision to speed up the economic reform and move towards a regulated market economy. During consultations with the governments of the GATT member nations, they were informed of these intentions on the part of the Soviet Union. Now that the plan for this transition is before the Presidential Council and the USSR Supreme Soviet, many of its details are clearly discernible.

The plan seeks further decentralisation in external economic relations, with a larger measure of autonomy for enterprises and a corresponding reduction in the participation of the state in operations in the world market.

Beyond this, our main task is to regulate activities in this dimension using legal and economic instruments accepted in world practice.

In the context of a market economy, these will include a new Soviet customs tariff, and legislation on foreign exchange, investments and anti-monopoly laws. The pricing reform will bring domestic prices closer to world indices. On the basis of new prices, the calculation of the foreign trade exchange rate for the rouble, with a view to making it convertible, will become possible. However, export-oriented state orders for producers and quotas and licensing in foreign trade will remain in place for some time.

The Soviet market will thus be opening up to foreign competition and the Soviet players on the world trade scene will move to real cost-accounting, with all government subsidies eventually withdrawn.

All these measures are designed to galvanise the process whereby the Soviet Union is brought into a closer relationship with GATT. Given the switch to market mechanisms, the country will be ready to become a full member of GATT in the foreseeable future, with the Soviet market becoming an integrated part of the world market.

Yet a great deal of organisational work lies ahead. An assessment of the drafts of new Soviet legislation on external economic activities is being prepared by the GATT secretariat. A Soviet mission at the GATT headquarters in Geneva is being set up, and a joint commission is being formed to deal with GATT-related issues in the Soviet Union.

By acquiring observer status at GATT, the Soviet Union has taken an important step into the world trade system. Integration into it is now the order of the day.

Ivan Ivanov,

Deputy chairman, State External Economic Commission of the USSR Council of Ministers, Moscow

Landsbergis Interviewed on Yeltsin Election

PM1106074090 Paris L'EXPRESS in French 15 Jun 90 p 14—FOR OFFICIAL USE ONLY

[Interview with Lithuanian President Vytautas Landsbergis, by Henri Eyraud in Vilnius ; date not given—first paragraph is editorial introduction]

[Text] To George Bush's displeasure, Mikhail Gorbachev made no concession on Lithuania in Washington. However, the consequences of Boris Yeltsin's election as head of the Supreme Soviet of Russia could break the deadlock on the Baltic question. This is what Lithuanian President Vytautas Landsbergis hopes. His worry is the economic blockade imposed by the Kremlin.

[Landsbergis] We have resources, especially food, but we will soon be without energy, and hence transportation. Moscow has also drawn up a list of forbidden goods. But, at local level, the neighboring regions—the city of Leningrad, the republic of Belorussia, the Kaliningrad enclave—have protested and want to resume direct trade with us. We will hold out.

[Eyraud] Who is helping you?

[Landsbergis] There is real strong solidarity from Estonia and Latvia. In Poland, Solidarity is doing its best to help us. So is Czechoslovakia. Finally, the Scandinavian and West European peoples are giving us moral and material support.

[Eyraud] Does Yeltsin's election help you?

[Landsbergis] Certainly. We had a friendly meeting back on 1 June. Yeltsin supports the principle of sovereignty for the Baltic countries. He wants to liberate Russia from the monopolistic and militarized power of the central apparatus controlled by the Kremlin. A direct economic agreement between us is possible: The Russian Republic can break the blockade decreed by Gorbachev.

[Eyraud] Will independent Lithuania grant military facilities to the Soviet Union?

[Landsbergis] Yes. Military facilities and special interests for the USSR here are subjects for future negotiations. We have pledged to move toward satisfactory agreements for our two countries.

Malyutin Outlines Socialist Party Goals

90UN1984A Moscow DIALOG in Russian No 7, May 90 (signed to press 25 Apr 90) pp 60-63—FOR OFFICIAL USE ONLY

[Interview with M.V. Malyutin, candidate of philosophical sciences and member of the Socialist Party Organizing Committee, by Vladimir Vyunitskiy: "About the Socialist Party—Not From Hearsay"]

[Text] Among the organizations that have emerged recently considerable interest is being evoked by the Socialist Party. Its organizing committee was formed in December 1989. "What is the political character and what are the aims of the Socialist Party? What factors brought about its emergence? How does it differ from other political organizations of a socialist persuasion?" These questions of DIALOG readers are answered by M.V. Malyutin, candidate of philosophical sciences and member of the Socialist Party Organizing Committee.

[Question] Mikhail Valentinovich, you are known in four capacities, as they say—as a member of the coordinating councils of the Moscow People's Front and the Democratic Platform in the CPSU, as a member of the organizing committee of the All-Russia Committee for a Socialist Party and, lastly, as member of the CPSU. The questions to you today are as to one of those attempting to form a Socialist Party. But I would like first of all to get from you an answer to the question: Does it not seem

to you unnatural that you are forming a Socialist Party while a member of the CPSU?

[Malyutin] I could agree that this might seem quite unnatural. But this is, generally, a reflection of our reality: Inasmuch as all nuances of mood are represented in the current CPSU—from anarchists through monarchists—I do not believe that we should discriminate against the socialists. But joking aside, our entire future multiparty system will grow out of today's CPSU, and I am remaining a member of the latter in order to participate in the realization of the trend in it which leads to the formation of a Socialist Party.

[Question] But desire alone is insufficient for its creation or revival, which would be more correct if we are speaking of the socialist movement in our country. There have to be some social demands, an answer to which may be provided by this and only this party.

[Malyutin] I agree that we should be speaking rather about a socialist movement in revival. Both the "Socialist Unions" organization and the Federation of Socialist Youth are, aside from the Socialist Party, its representatives.

However, as far as the Socialist Party is concerned the need for its creation is, in my view, beyond question inasmuch as in our country one political monopolism—that of the CPSU—could be replaced by another political monopolism—that of currents of a liberal-Westernizer persuasion, which in our country for some reason or other call themselves social democratic. The reviving socialist movement is in this situation called upon to be a force defending the working people's socialist choice.

True, we have our own ideas about socialism. They may be concisely expressed by the "self-managing socialism" formula.

[Question] But this being so, the Socialist Party should in this case be seeking its socialist base among the working people. At the same time socialist ideas and organizations have until recently been connected with an entirely particular sphere—the young scientific intelligentsia....

[Malyutin] Truly, the first attempts come from there—from such organizations as "Socialist Initiative," which was formed back in the spring of 1988. [1] But these socialist circles and groups endeavored from the very start to join forces with mass movements. The first attempt was participation in the people's front movement....

[Question] But this was essentially an interparty movement, and the socialists, who had not at that time become officially structured, were dissolved in it. But one must have one's own character!

[Malyutin] Yes, this was why the second attempt was needed—combination of the new socialism with the workers movement. The dividing line here was the First Congress of USSR People's Deputies, which reflected the crisis both of all the organizational forms of the mass movements which had taken shape and all the predominant models—from semiofficial through liberal-Western. The result of the aspiration to overcome this crisis was the formation in June 1989 in Moscow of the New Socialists Committee, whose leader was B. Kagarlitskiy, winner of the Deutscher Prize for the creative development of Marxism. The committee included a number of activists of the Moscow People's Front and the "Sotsprof" Socialist Unions Association. The new socialists dissociated themselves from the social democrats and established contacts with the new organized workers movement which was taking shape—the strike committees and worker alliances formed during the miners' strike in the summer of 1989. And the organizing committee of the All-Russia Committee for a Socialist Party was formed at the end of the same year at a conference in Moscow under the influence of the second wave of strikes.... It also included a number of leaders of the strike committees and worker alliances of Karaganda, Vorkuta, and the Kuzbass, and groups in Irkutsk and Kuybyshev.

[Question] You have spoken about the dissociation of the socialists and social democrats. But for our ordinary citizen the difference between them is elusive—and not only on account of its lack of initiation but on account of the vagueness of positions. What are the main differences between them and the subject of disagreements? Where, in respect of which positions does the dividing line run?

[Malyutin] Many people have declared themselves to be social democrats in our country without understanding what this actually means. As a result our social democratism has proven an odd mixture, entirely liberal in content, of dreams about how good life is in Austria or Sweden (we call this "supermarket socialism") with the ideas of a mixed economy and a multiparty system.

We are on a different track from those who understand social democratism as a movement of middle strata, adopt a guarded attitude toward the workers movement and advocate exclusively parliamentary means of struggle. Our supporters are those who are oriented toward extra-parliamentary action, the workers movement, and the radical wing of the engineering-technical personnel. At the same time we do not deny the possibilities of participation in the organs of state power, and a number of our candidates have taken part in the 1990 election campaign.

[Question] Dissociation from the social democrats denotes, as far as it is possible to judge, one flank of the socialist movement. On the other flank is the CPSU. How does the Socialist Party, which is taking shape, intend organizing relations with it?

[Malyutin] We see the reform movement in the CPSU as an ally. It is with good reason that the idea of a Socialist Party enjoys a certain popularity both among activists of the Democratic Platform in the CPSU and among leaders of the alternative movement in the Komsomol

[All-Union Leninist Communist Youth League] who have formed the Federation of Socialist Youth.

Although there is frequent talk today about attempts to social democratize the CPSU, there are few social democrats in its ranks. A multitude of democrats, on the other hand. We do not share their illusions that it is possible to democratize the CPSU while preserving its present structure, which took shape during the times of totalitarianism and is evolving in the direction of authoritarianism. Only liberalism, not democratism, could be the result of such evolution. Democratizing the party is possible only by having radically altered, exploded, essentially, its structure. We support the Leninist wing of the CPSU, which advocates just such a decisive renewal of the party.

[Question] Mikhail Valentinovich, there is currently an ambivalent, frequently negative attitude toward "Leninist" and "Leninism." With what meaning do you invest this definition in speaking positively of the Leninist wing of the CPSU?

[Malyutin] For us this does not mean neo-totalitarians of the United Workers Front supporters type, who call themselves Leninists. By Leninist wing we understand those who employ the traditional theoretical conceptual apparatus of Lenin's version of Marxism to combat the bloc of totalitarian power and the corrupt bureaucracy.

[Question] In other words, the renovatory wing is not an adversary for the Socialist Party. But you criticize the CPSU as a whole. Who, then, is the opponent?

[Malyutin] In this same CPSU it is the conservative wing. But, as a whole, we are faced with a struggle on two fronts—against the liberal-Westernizer tendency (which could lead us to the situation not of Poland but of present-day Colombia) and against the neo-totalitarian communism of the United Workers Front. But, for all that, the main enemy today is the present authoritarian regime, which may be removed from the political scene only by our Russian counterpart of the Polish "Solidarity"....

[Question] Does this mean that the Socialist Party will take the "Polish version" as a model? There are, after all, a multitude of drawbacks to it....

[Malyutin] Yes, we do not idealize it. But dreaming of democratic socialism is pointless without an anti-totalitarian revolution—with, it is true, a different nucleus from that in Poland in 1989—and without a domestic equivalent of the events in East Europe in the fall of the same year. Particularly considering the specifics of our Soviet situation, primarily the key, decisive role of the state in all social processes. Without another state no democratization is possible.

[Question] Some public and political movements are linking the possibility of democratization with economic pluralism, primarily with the recreation of private property—up to and including the large-scale capitalist structure. And at the same time the attitude toward this idea in society is far from unambiguous. Does the Socialist Party advocate private property or is it among its opponents?

[Malyutin] According to our research, the vast majority of the working class and engineering-technical personnel does not aspire to the independent possession of property. But, nonetheless, there are supporters of private property, and the proportion of them is growing, what is more. We do not, therefore, deny private ownership's right to existence.

But, for all that, there is an element of oversimplification in the hopes that private ownership will solve all our problems. Of course, if the ideas of economic reform which are embodied in the laws on property, leasing, and land are implemented, we have in prospect a three-sector economy incorporating the state sector, the private-economic sector, and the collective sector. It is pointless to expect that these sectors will be equal. In any economy one of them is always predominant. In the capitalist countries this is the private-economic structure, whereas the others are like stabilizing structures which are built into it. Predominant with us, on the other hand is—and will remain such in the future—the state sector.

True, it needs to be recognized here that today that same state sector without which we cannot manage is the cause of many of our troubles....

[Question] Not the state sector itself, surely, but rather its deformations brought about by the total statization of our life. After all, a different organization of the state sector, for which you, generally, are in fact calling, is possible in principle.

[Malyutin] I define our social arrangement as state totalitarianism, and for this reason I believe that what are called deformations are not something external or incidental in relation to it—they are the actual manifestation of its essence, which does not fit within the logic of normal management. For example, without the participation of the state sector we cannot solve the food problem and feed the country. But how is this sector feeding it? Thanks not to the fields but to petrodollars, purchasing grain abroad and eating through nonrenewable energy resources.

We will not solve the housing and environment problems or accomplish structural reform without the state sector. But for this it is necessary to free the state sector from the absurd relations which exist in it currently. Then we will be able to reach the level of the 20th century in the economy and technology. If, however, we aspire in all seriousness to the 21st century, we will not make it without a reworking of the state sector—if only without the conversion of the most progressive sectors.

But the economic role and place of the state sector must change, for all that. State ownership in all spheres where

it is not dictated by objective necessity must give way to collective ownership. And in all cases the working people must be ensured real opportunities for self-management, the co-ownership of property, profit-sharing....

[Question] In other words, the economic concept of the Socialist Party is largely reminiscent of the Yugoslav model of socialism. But, as you know, this model not only has not solved the problems of efficient economic and social development, the growth of the working people's well-being and their social protection, but has exacerbated many of them....

[Malyutin] Yes, we are often told that the Yugoslav experience has demonstrated the groundlessness of a socialism based on collective ownership. In our view, if there is in fact anything groundless here it is this argument: after all, that same state totalitarianism, aggravated for a large part of the time by personal dictatorship, what is more, has been predominant in Yugoslavia throughout its 45 years of postwar history. And if Yugoslavia has proven anything, it is only the compatibility of totalitarianism with the market, with industrial self-management, with a convertible currency, with free travel abroad, with democracy in the party, with regional autonomy.... In short, with all that is today with us being presented as the essence of perestroyka and democratization, which is promised us also. The sole thing with which it is incompatible is the existence of trade unions and parties of the working people independent of it. And, consequently, without them there can be no genuine socialism. Without them there can be no democratization of the state, no democratization of the economy contiguous with them....

[Question] There is talk today about a split in society, about the threat of civil war, about the aspiration of a number of forces—albeit not in February—to accomplish against the background of the crisis of authority a new "February." The idea of civil peace, consolidation, and coalition forms of government is being advanced as an alternative to all this. Finally, there is much argument concerning the recently adopted presidential rule. The Socialist Party seemingly supports one of these ideas—the idea of civil peace, for example. Others it rejects, like the idea of a new "February" (although supporters of the party are taking part in mass meetings under this slogan). Finally, it accepts others partially, like the idea of presidential rule. Could you not clarify the Socialist Party's position on these serious issues?

[Malyutin] First, I would like to stipulate right away that not all the slogans of the mass meetings in which our supporters take part reflect the position of the socialists.

As far as presidential rule is concerned, this is a measure forced on us by the crisis of the existing political structures. As distinct from 1917, there is no one now who could, like Lenin, say: "There is such a party!" and assume responsibility for everything. Those who, like the Bolsheviks, would like to build a one-party regime forget that history is repeated only as farce.

In my view, some coalition forms of power are with us inevitable. Otherwise, against the background of economic collapse and bloody clashes any new "February" could result in a new "October," which would bring to power a bloc of latter-day Kornilovs with "friends of the working people" from the United Workers Front, who would with a firm hand organize even greater chaos. Greater inasmuch as in 1917 there were no mass media, and the majority of the population lived in the countryside and could feed itself.

The sole reasonable alternative to all this chaos is a mass organized movement of the working people, the backbone of which should be a bloc of the engineering-technical personnel, skilled workers, and the part of the humanitarian intelligentsia which gravitates toward the movement of the majority.

[Question] Mikhail Valentinovich, all that you have said has been reflections on the future, so to speak. But what about today in reality? Who will follow the Socialist Party?

[Malyutin] Of course, now, when the socialist movement is supported by several dozen activists, several hundred participants, and several thousand supporters, it is difficult to speak about the Socialist Party as a real force. But I am nonetheless confident that it has a future. For from the standpoints of its understanding of socialism it supports the people's socialist choice and offers them a democratic prospect of a solution of the problems confronting the country and civil peace. And although we cannot, admittedly, in any foreseeable future lay claim to the role of ruling party, we will become an inalienable part of the bloc of forces of the left.

Footnotes

1. For more detail see DIALOG No. 1, 1990, pp 85-86.

CPSU Nationalities Platform Examined

AU1206150590 Moscow OBSHCHESTVENNYYE NAUKI in Russian No 2, 1990 (signed to press 7 February 90) pp 102-108—FOR OFFICIAL USE ONLY

[OBSHCHESTVENNYYE NAUKI interview with Mikhail Nikolayevich Guboglo, head of the USSR Academy of Sciences Presidium Center for the Study of National Relations, doctor of historical sciences, by editor V. Khlestkin: "The CPSU Platform and Reality"]

[Text] **The present state of interethnic relations is justifiably causing concern in society. The CPSU platform "The Nationalities Policy of the Party in Present-Day Conditions" which was adopted at the September (1989) CPSU Central Committee plenum has become an attempt—the only one of its kind up to now—to remove tension and suggest ways and means of achieving mutual understanding and agreement between our peoples.**

We have asked M. Guboglo, head of the USSR Academy of Sciences Presidium Center for the Study of National

Relations and doctor of historical sciences to comment on this document. He was interviewed by the journal's editor V. Khlestkin.

[Khlestkin] Mikhail Nikolayevich, as a scientist and as a citizen are you satisfied with this document?

[Guboglo] The CPSU platform has outlined an integral program of actions for the formation of a new nationalities policy. Of course, a great deal of work lies ahead in order that these ideas can be turned into concrete laws. This work had already started at the December Congress of USSR People's Deputies. At the same time, I wish to emphasize that it does not follow from this that there will be no further discussion of the theoretical and practical aspects of the nationalities problem. We have to bear in mind that the general public has not received all the answers to the questions which are troubling it.

[Khlestkin] Don't you think that there would be fewer of these questions and that the "credit of confidence" in the platform would be greater if it gave a deeper analysis of the reasons for interethnic tension in the country? After all, this also predetermines to a large extent the effectiveness of those measures proposed in the platform which are aimed at improving interethnic relations, in the same way that an accurate diagnosis predetermines correct treatment.

[Guboglo] In characterizing the objective reasons and historical preconditions of the state of crisis in interethnic relations, the platform enumerates certain reasons and completely fails to take account of others which are no less important. The document states that "one major cause of the exacerbation of national problems was mass repressions, in particular the resettlement of entire peoples from their traditional places of residence to other republics and regions. This was the fate of the Kalmyks, Karachai, Balkars, Chechens, Ingush, Crimean Tartars, Meskhetian Turks, Germans, Koreans, Greeks, and Kurds." [1] As can be seen from this list, the platform names those peoples who were forcibly deported about half a century ago on an unfounded charge. This action was characterized as genocide during the USSR Supreme Soviet discussion of the draft Declaration on Recognizing as Illegal and Criminal the Repressive Acts Against Peoples Subjected to Forcible Resettlement and on Guaranteeing Their Rights, adopted on 14 November 1989. However, other peoples suffered no less of a tragedy. In my opinion, the repressive measures carried out against Russians and Ukrainians during the forcible expropriation of the kulaks at the time of collectivization, and the repressive measures against the Kazakhs during their forcible resettlement, can also be qualified as genocide against these peoples. The platform makes no mention of this.

In my opinion, this is not simply an editorial omission but a serious methodological blunder. The failure to mention the injustice perpetrated against the peoples of the Baltic republics, Moldavia, and the western Ukraine during the period of forced collectivization there in the late forties and early fifties constitutes exactly the same kind of blunder. We cannot consider that our nationalities policy has been renewed unless we renounce this "legacy." In the first place, failure to mention it undermines confidence in the new nationalities policy and, second, leaves open the possibility of categorizing some peoples as more and others as less infringed upon.

[Khlestkin] In your opinion, can one consider the idea of a "common home" of Soviet peoples as set forth in the platform to be sufficiently well-founded?

[Guboglo] History has seen to it that even the banal truth "Friends are better than enemies" has to be thoroughly argued today. However, it is precisely such argumentation which is clearly lacking in the platform. For example, it would be logical, before calling the USSR "our common home," to first convince everyone that it is better to live in a common home than to live separately.

It is not a question of which peoples joined the USSR, when, and under what conditions. It is the duty of historical science to tell the whole truth about this. What is needed is a well thought-out theoretical model of a multinational state and a vast amount of creative work to implement it.

The general orientation of the platform is clear—to maintain a single multinational state. Unfortunately, the benefits of this unity have not been substantiated in it. The platform declares only in passing that "there is enormous potential in the Soviet federation" and that, consequently, we must "utilize it to the full." However, it must then be explained why this potential has not been utilized up to now. Those decentralizing and destabilizing trends which are gradually becoming stronger in a number of republics require convincing proof and a thorough revelation of "potential." Yet the platform contains virtually only one piece of evidence in favor of the unity of peoples—in that part where it says that "Soviet people have risen in defense of the freedom and independence of their multinational Motherland and have together scored a victory over fascism." According to this logic, it turns out that we only need the potential of federation and of peoples' friendship in order to fight an aggressor. Furthermore, nothing is said about how this potential "works" and how it manifests itself in a time of peace. To a certain extent, M.S. Gorbachev made up for this omission in the platform in his report at the plenum when questioned as to what the Soviet Union gives to the Union republics. His answer was as follows: "First and foremost, affiliation to one of the most powerful states of modern times, one which has at its disposal huge natural resources, a developed national economic complex, an arsenal of scientific knowledge, technical potential, and a wealth of culture enabling it to reliably guarantee its security. Every nationality within the USSR has the opportunity of participating in the formation and development of common spiritual values, of adopting them, and of making itself known through them on an all-Union world scale.... Because of their

affiliation to the Soviet Union, all its peoples acquire the possibility of broadly participating in international relations and of having an active influence on the course of world events." [2]

Furthermore, I would also add here the undisclosed potential of socialism which perestroyka promises to reveal.

[Khlestkin] In speaking of the potential of socialism, you probably have in mind its internationalist content and its correlation with universal interests. In your view, are universal interests and values sufficiently safeguarded in the nationalities policy proposed by the CPSU?

[Guboglo] The platform states that socialism presupposes the "equality of the rights of peoples, each of which should have the real possibility of preserving its autonomy and uniqueness, language, culture, and traditions." [3] I wish to direct your attention to the fact that a definition of the strategic aims and principle directions of nationalities policy begins in the document not with a presentation of the fundamental human rights which are guaranteed to all the country's citizens irrespective of their nationality, but with such a highly generalized and at the same time vague and polysemous concept as "the people." This approach hides the vulnerability of the initial premise upon which the document is based and which is the source of its inner contradictoriness.

The main idea in the document, as noted at the CPSU Central Committee plenum, is a desire to resurrect the concept of federation as a union of free peoples enjoying equal rights. However, another task, that of preserving the inviolability of the hierarchical structure of the national-state system, a structure in which the rights of peoples are far from equal, does not accord with this general idea. Even the legal status of nations which have been dispersed in Union and autonomous republics is not the same, and this is also reflected in the existing representation in the country's highest organ of state power.

Thus, for example, 948,000 Estonians are represented by 29 USSR people's deputies elected from the corresponding territorial and national-territorial districts of the Estonian Soviet Socialist Republic [SSR], while 936,000 Bashkirs residing in the Bashkir Autonomous SSR are represented by only seven deputies and the Germans residing in Kazakhstan by five deputies. The 209,000 Soviet gypsies who are settled in different places are completely deprived of the chance to directly elect their own deputy to the USSR Soviet of Nationalities. The two million Soviet Jews are also deprived of this possibility.

The nation-centric orientation of the platform favors the national interest at the expense of both the international interest and those of national minorities. Just as it is not proved why unity is better than separation, in exactly the same way the positive aspects and positive essence of the international are not revealed. In my view, there is great potential here.

[Khlestkin] From what you have said, it follows that you give preference to the rights of citizens over the rights of nations. Could you not go into more detail with regard to this question?

[Guboglo] In conditions of the enormous ethnic diversity of our country, of the settlement of peoples across borders, and of the residence of a number of peoples or their separate parts beyond the boundaries of their national-state formations—a situation which has already been decided by history—recognition of the priority to be given to the rights of a people is a path which leads to a dead-end and to the endless clarification of relations. It is clear that nobody wants to be a minority deprived of its rights, and that nation status is attractive to everyone. The difficulties which result from this are also bound up with the fact that, in defining a nation, there is always a subjective element present. Indeed, why are the 83,000 Abkhazians who have their own autonomous republic classified as a nation, while the 138,000 Gagauzes who are compactly settled in the south of Moldavia not classified as such? Why are the one million Estonians classified as a nation with their own Union republic while almost two million Soviet Germans form only the sum total of dispersed national groups? The detrimental nature of the USSR national-state system is therefore evident, as is the need to reform the foundations of the Soviet federation.

The platform gives a clearer reference-point. It is stated in the preamble to the document that "the party's present policy on the nationalities question should be implemented on the principles of an organic combination of the equal rights of the peoples and the equal rights of people irrespective of nationality." [4]

However, questions relating to the definition of peoples as having nation or non-nation status will remain unanswered until we have overcome the nation-centric orientation when determining the fundamentals of the course of our nationalities policy. The actual formulation of the question of safeguarding the priority of the interests of any nation, as this has been done in the programs of the popular fronts of a number of Union republics, essentially represents a departure from the principle of the equality of peoples and unavoidably creates confusion.

Where is the way out? It seems to me that we have to search for the answer in a correlation between peoples' rights and human rights different to that expressed in the platform. It should be stated categorically that nationalities policy must proceed from a recognition of the priority of human rights. Our own practice, particularly that under perestroyka, shows everywhere, repeatedly and wholly convincingly, that the instability of the national situation and of interethnic relations results precisely from the infringement of the rights of minorities. Consequently, in the present search for a balance between centripetal and centrifugal forces on the one hand, and positive and destabilizing trends on the other, the correlation between or, to be more precise, the hierarchy of peoples' rights and human rights is of

exceptionally important and principled significance. Furthermore, when thinking about preparing a new Declaration of Peoples' Rights, we must evidently still begin with the fundamental Declaration of Human Rights, bearing in mind the equal rights of all citizens irrespective of their nationality. Does the observance of human rights correspond to the goals of national consolidation and interethnic integration? This is the question. A correct answer to it will in many respects enable us to remove tension in a number of conflicting situations.

We still have to examine whether a recognition of the priority of nations' rights before human rights does not signify a recognition of the fact that supremacy belongs to the nation and separate individuals are dissolved within it as in a kind of collective subject. It is not difficult to note that, given this formulation of the question, we are just one step away from that sadly renowned concept in which a person is only a cog in the mechanism of state.

[Khlestkin] In your opinion, what has to be done if the growth of national consciousness is to become an effective factor in drawing peoples together rather than in dividing them, as is unfortunately happening at the moment?

[Guboglo] It is necessary that all three freedoms of self-determination—those of the individual, the national minority, and the nation—be implemented precisely, reliably, indisputably, and freely in our state. The position of the CPSU on this fundamental question of nationalities policy was stated by M. Gorbachev at the plenum: "We support the equality of the rights of nations, peoples, and people of all nationalities no matter where they live and work." [5]

The deepening and elaboration of the meaning of such a key concept in the nationalities question as national self-determination counts as one of the positive aspects of the document. Definite progress has been achieved in the interpretation of this concept as a universal principle for resolving the nationalities question. It is emphasized in the platform that "all Soviet and world experience demonstrates the need to view self-determination as more than just a unique act connected with exercising the right to secession. This is a complex, multilayered process of the affirmation of national dignity, the strengthening of political and economic autonomy, and the development of language and culture." [6]

The party's position in defining the principle of national self-determination shows that the content of the principle itself is much broader than the circle of persons invested with the right to implement it. Indeed, national self-determination "is expressed best in self-management which ensures the preservation of national identity and the right of every people to enjoy all the benefits of sovereignty and to independently resolve the questions of its own development." [7] Therefore it follows that this right should be given not only to large but also to small nations, to the peoples not only of Union but also of autonomous republics, and also to those ethnic groups which it is now usual to call "national ethnic groups" [narodnosti] or "small peoples." Otherwise, as the platform also admits, the result is that autonomous formations do not have sufficient possibilities for fully implementing national interests and must endure departmental pressure and petty supervision by Union and republican authorities and also by those at kray and oblast level. All nationalities who are a "rank" lower than nation do not have the conditions for national development, something which directly contradicts the universal principle of national self-determination, if one can really consider it to be universal and if one proceeds, for example, from the Universal Declaration of Human Rights, the International Pact on Civil and Political Rights, the Declaration of Social Progress and Development, and from other fundamental international documents of similar importance. [8]

I will allow myself to refer to one other important international document—the Declaration on Race and Racial Prejudices. Article Two of this document specifically states: "Particular attention should be given to racial or ethnic groups who find themselves in unfavorable social or economic conditions so that they may be guaranteed protection, on the basis of complete equality without discrimination and restrictions, through the adoption of laws and resolutions, and also through enjoyment of existing social benefits, in particular with regard to housing and the provision of work and health care, so that the originality of their culture and values may be respected and so that a contribution may be made, particularly through education, to their social and professional progress." [9]

The concept of "national self-determination" should be understood broadly as the self-determination of all peoples, irrespective of whether they are considered to belong to the category of "nations" or not. At the same time, both in the platform and in other political documents, it has not yet been made completely clear, first, that national self-determination is much broader than the self-determination of nations and, second, that the appeal to V.I. Lenin and the attribution to him of the principle of national self-determination are hardly justified. Proceeding in the main from political considerations, as a rule Lenin spoke about the self-determination of nations, but not more than that. The subject index to the complete collection of his works contains the following conceptual "nests": "resolution of the nationalities question and the self-determination of nations;" "on the right of nations to self-determination;" "the right of nations to self-determination, even to secession, and independent state existence;" "three types of countries with regard to the self-determination of nations;" "the right of nations to self-determination" (the program thesis of Bolshevism). However, there is no mention of the concept "national self-determination." [10] What is more, one cannot rule out the possibility that Lenin's mistake on the nationalities question lay in the

fact that he accepted the division of peoples' rights into the rights of a "nation" and the rights of a "nonnation." Let us emphasize the essential point here: "National self-determination" and the "self-determination of nations" are completely different concepts. Confusing one with the other and the substituting of one for the other makes it difficult to understand the fundamentals of nationalities policy.

[Khlestkin] In connection with the principle of the freedom of national self-determination as a really fundamental principle of new nationalities policy, how do you assess the system whereby citizens' nationality is entered in their internal passports?

[Guboglo] I believe that the principle or, to be more precise, the established legal "rules" of the self-determination of a Soviet person—that is to say the affiliation of each USSR citizen to one nation or another as fixed in law—are in glaring contradiction with the essence of the current political and economic reforms which are leading the country to a rule-of-law state in which human rights are reliably guaranteed. In contrast to population censuses, in the course of which a person's nationality is recorded freely in accordance with his self-consciousness, when a general civilian passport is issued information concerning the nationality of the owner of this document which confirms the identity of a Soviet citizen is included in the corresponding section according to existing regulations. If the nationality of the parents is not the same, the recipient of the passport is free to choose the nationality of the father or mother once and, thereafter, he is not allowed to change this entry. [11] Such a position contradicts the nationalities policy of the CPSU which excludes both the artificial encouragement of national processes and their artificial impediment. The legal entry of nationality in the passport, which does not serve any registrational purposes, raises the question not only of its functional expediency but also of its rightfulness.

In international practice, there are very few cases whereby a person's nationality is entered in his passport. For example, according to Article 170 of the SFRY Constitution, a citizen is guaran
eed the freedom to determine his nationality. It seems wholly unnatural that a person should be obliged to specify his national affiliation and state to which nation or ethnic or national group he belongs. Of course, it would be fair if every Soviet citizen could freely determine his national affiliation solely on the basis of his national self-consciousness, to write his nationality in the appropriate section of the passport or to leave it blank, and to consider himself affiliated to one or two nationalities or to none at all.

[Khlestkin] In conclusion, Mikhail Nikolayevich, I would like to ask how you assess the viability of this document, the CPSU platform?

[Guboglo] Summarizing everything that has already been said, one can conclude that the platform is not free of internal contradictions. Certain mutually exclusive postulates, inadequate information on crimes committed against the peoples of our country in the course of large-scale social actions, the failure to mention many current acute conflict situations in interethnic relations (the Tadzhiks in Uzbekistan, the Gagauzes in Moldavia, the Poles in Lithuania, the Talysh people in Azerbaijan, the Russians in a number of Union republics, and so forth)—these, along with other shortcomings, raise certain doubts as to the readiness and ability of the party to responsibly and cardinally resolve questions of interethnic relations in the USSR. In reviewing the platform, it is difficult to refrain from asking the following question: Where is its weakest spot? As is generally the case with certain party documents it is, first, too declamatory and, second, it primarily records only what is already taking place in the real economic situation instead of overtaking events or anticipating the development of undesirable trends. The platform too often states, promises, and declares one thing while everyday life continues to show something quite different.

Footnotes

1. PRAVDA, 24 September 1989

2. PRAVDA, 20 September 1989

3. PRAVDA, 24 September 1989

4. Ibid.

5. PRAVDA, 22 September 1989

6. PRAVDA, 24 September 1989

7. Ibid.

8. See Human Rights. A Collection of International Agreements. New York, 1978, pp 1-9, 144-150

9. See UNESCO. Acts of the General Conference. Twentieth Session. Paris, 1978, p 63

10. Reference volume to the complete collected essays of V.I. Lenin. Part 1, Moscow, 1969, pp 409, 410, 415, 416, 486

11. The Complete Resolutions of the Government of the USSR, 1974, No. 19, p 109

Gorbachev Aide Discusses Internal Tensions

PM0406145490 Milan CORRIERE DELLA SERA in Italian 31 May 90 p 3—FOR OFFICIAL USE ONLY

[Interview with Gorbachev aide Georgiy Shaknazarov, by "A. Bo." in Moscow; date not given]

[Text] Moscow—"It is no secret to anybody that the situation is difficult. And for the time being there are no signs of improvement." Georgiy Shaknazarov makes no attempt to maintain the surface optimism which still clings to many representatives of Soviet authority like a vestigial shred of Leninist uniform. At the age of 66, this

small intellectual with dark and lively eyes who is Gorbachev's personal aide knows better than most people the moods and secrets of the Soviet leadership which filter from one of the nine telephones on his desk or are kept safely locked in the safes hidden behind the anonymous light wood furniture in his office. He is the most obvious person to review the many problems assailing Gorbachev and worrying the West on the eve of the summit.

"I would say that there are three main problems: The social and economic question, the problem of nationalism, and the surge in crime. Recently our opinion polls have shown that the problem of public order is viewed as even more worrying than the economic crisis."

[CORRIERE DELLA SERA] You are not talking about the political crisis with the radical leaders of Moscow and Leningrad and with Yeltsin as president of Russia. Why?

[Shaknazarov] Because I think that it is possible to solve the problems in the political sphere. Everybody must try. Today there is some nervousness, but I think that things will gradually fall into place. All in all, the emergence of an opposition to the CPSU is a good thing because it will keep the party on its toes.

[CORRIERE DELLA SERA] What about opposition within the CPSU?

[Shaknazarov] That cannot exist. If there is a split, there must be an opposition outside the party. The CPSU cannot accept factions.

[CORRIERE DELLA SERA] But is the Democratic Platform not already an internal opposition?

[Shaknazarov] The problem is that there are no big differences in the written programs, as Gorbachev has already observed. However, when the Democratic Platform leaders talk, serious differences appear. We will see: It is not long until the Congress now.

[CORRIERE DELLA SERA] However, there is also a conservative opposition which is curbing the economic reform....

[Shaknazarov] Certainly. And the trouble is that it is not just a few bureaucrats or a few "apparatchiks" but the vast majority of the workers who are expressing reservations and fears about the prospect of the reforms. We just had to talk about it and panic buying began. The purchase of some goods has increased enormously. People are now even buying up salt.

[CORRIERE DELLA SERA] The reforms were announced with so much emphasis and now they are being curbed. What happened?

[Shaknazarov] There is still fear. We are inundated with letters arriving from all quarters. There is a great fear that, if we take a hasty step, social tension will reach intolerable levels. That is why there is hesitation and vacillation. The Poles have chosen shock treatment. But in their country there is great faith in the government. However, even given that, a very tense situation has been created. In our country a large section of society is afraid. For decades they have been accustomed to living in a preestablished order—even if there was not a good standard of living, that system provided security and stability. As De Tocqueville said, it is easier to move from democracy to a totalitarian regime than to move in the other direction.

[CORRIERE DELLA SERA] Of the three problems which you listed first, which is the most dangerous for Gorbachev?

[Shaknazarov] The situation is constantly changing but I would say that it is now the problem of nationalism. It is a complex problem which above all involves great losses for the economy.

[CORRIERE DELLA SERA] Despite the law on secession, it seems that Gorbachev's objective is still to maintain the USSR within its present confines....

[Shaknazarov] There is no doubt about that. The republics have the right to choose for themselves. But we, as communists, must persuade everybody that it is better to maintain a big multinational state and that this gives enormous advantages to the peoples living in it. Moreover, everybody understands that the disintegration of a state entity like the USSR would be a disaster of world proportions which would bloc the positive processes taking place in Asia and in Europe. Just look at how Lithuania's case has already had negative effects on the disarmament process.

[CORRIERE DELLA SERA] But is there a solution?

[Shaknazarov] I think so. We must establish a new Union treaty creating a confederation with very flexible links between the republics and the center. Some republics will be able to entrust only defense and foreign policy to the Union, establishing economic agreements with the center. Others will be able to enter with close links which will involve greater obligations on the Union's part. Moreover, before the revolution, in the Russian Empire, the Kingdom of Poland had special status and so did Finland. In Central Asia, there were the Khanates of Khiva and Bukhara in which St. Petersburg virtually did not interfere....

[CORRIERE DELLA SERA] What is Gorbachev's strong point in facing these problems?

[Shaknazarov] The fact that despite the criticisms from left and right the majority of people realize that there is no other policy and no other leader. Of course, perestroyka has brought to the fore many brilliant figures in the government and in the opposition but the people know that it was perestroyka which destroyed the militarized system and which brought freedom and democracy. And then, everybody realizes that today the situation is holding thanks to Gorbachev—he is a stabilizing

element and a connecting factor. If it were not for him anything could happen, even open strife and civil war. The same was true of Lenin in the twenties—the revolution was structured around him. Then Lenin died and things deteriorated.

[CORRIERE DELLA SERA] However, on Red Square, Gorbachev was booed and criticized. He spoke of a plot by radicals to attack the Kremlin. Was that a real fear or a figure of speech?

[Shaknazarov] Of course nobody thought that a group would physically attack the Kremlin. But there was a well-founded fear that those extremists could spark off serious incidents. Such things can happen when hundreds of thousands of people take to the streets—anarchists, monarchists, and Pamyat nationalists all mixed up together. This has already happened in Andizhan, Frunze, and in other cities. There were people who were shouting "we want another Romania." But these are calls for civil war! It is unfair. Especially since we are moving forward, perhaps slowly but we are continuing to progress. What more do they want? Why not take part in democratic political life? What was the point of electing a parliament if they are always in the streets stirring up people? Perhaps they want a repeat of '17. But I say that we have already had one '17. That is enough for this century.

Seminar Views National Crisis, Power Issues

90UN1924A Moscow DIALOG in Russian
No 6, Apr 90 (signed to press 4 Apr 90) pp 71-74—FOR OFFICIAL USE ONLY

["Excerpts from stenographic account" of theoretical seminar of the USSR Academy of Sciences Presidium Social Sciences Panel: "Crisis and Power"]

[Text] A theoretical seminar of the USSR Academy of Sciences Presidium Social Sciences Panel on the subject "Social Processes Under the Conditions of Perestroyka" has been held under the leadership of Academician V.N. Kudryavtsev, vice president of the USSR Academy of Sciences. Propositions of a paper prepared on the research material of a group of social scientists headed by V.A. Yadov, doctor of philosophical sciences and director of the USSR Academy of Sciences Sociology Institute, were made on the basis of the discussion.

The following took part in the seminar: Doctor of Philosophical Sciences V.A. Yadov; Doctor of Historical Sciences A.A. Galkin; Candidate of Economic Sciences G.Ya. Rakitskaya; V.S. Stepin, corresponding member of the USSR Academy of Sciences; Doctor of Philosophical Sciences A.G. Zdravomyslov; Doctor of Economic Sciences B.V. Rakitskiy; Academician S.S. Shatalin; Candidate of Economic Sciences Ye.A. Ambartsumov; Academician T.I. Zaslavskaya; Doctor of Philosophical Sciences M.L. Titarenko; and Doctor of Historical Sciences V.K. Volkov.

V.A. Yakov. All recent events have occurred against the background of society's increased social differentiation brought about by a number of factors. These are the intensification of property inequality, the increased demarcation along ethnic lines, and citizens' activity in numerous informal public movements. The differentiation of society will increase simultaneously with the growth in the number of public movements representing the sociopolitical interests of most diverse groups of the population. The constant weakening of the motivation of labor is making its negative contribution to the deepening of the crisis. Such an extreme version of the way of life where examples of conscientious, honest labor are practically isolated may be forecast even.

A.A. Galkin. It should be noted that the situation of recent months has been characterized by a weakening of stability in society. This process began quite a long time ago. However, the population's fears are frequently growing today even without any direct connection with the dynamics of crime. This course of affairs has been boosted appreciably by the dramatic events in the Transcaucasus. Problems of personal safety are becoming paramount in the public mentality. Against this background dissatisfaction with managerial decisions is growing in broad masses of people. The weakening of the stability of society is contributing to the erasure in the mass consciousness of the profound difference between the effective authority of which we are now in such acute need and strong authority. Nostalgia for a "strong hand," of course, may be attributed to our historical past—the Tatar-Mongol yoke, Ivan the Terrible and so forth, up to and including our times—but from the scientific viewpoint it is the population's reaction to the actual sociopolitical situation. In such a situation fear, including fear of physical reprisals, is for some communists becoming a reason for quitting the ranks of the CPSU.

G.Ya. Rakitskaya. The attitude toward the former slogans is changing in some informal public movements of the "Democratic Union" type, which are the most active socially and among which an "advanced" state of social consciousness is taking shape. For example, the slogan "All power to the Soviets!" is now being perceived in these circles with a large dose of irony and is being modified into different versions—"Power to the people" or "Soviets without communists." These slogans are being uttered guardedly and by the most radical people as yet, but could in the near future gain broad popularity. I would mention also the growing resistance in this environment to the social democratic idea of peaceful, parliamentary reforms—the creation of parallel organs of power of the worker and citizens' committee type. Finally, there is a transformation of the problem of nonviolence. Whereas earlier all informal organizations calling themselves democratic spoke of devotion to the idea of nonviolence, now the idea of "armament" is increasingly taking hold of the masses.

V.S. Stepin. Together with the economic and political crises a serious philosophical crisis has matured. The

philosophical structures which were intended for the education and socialization of the younger generation have now come to be practically destroyed. It is essential, in my view, to seek the necessary ideological renewal today on the paths of a conjunction of humanitarian values common to all mankind and historical-cultural traditions. Until this happens, the place of the ideas of communism and world human brotherhood will be occupied by the idea of nationalism which, at times oddly interweaving with the ideas of socialism, becomes a national socialist ideology of a fascist persuasion.

A.G. Zdravomyslov. I believe that the main task today consists of teaching society and its various strata, groups, and social movements mutual understanding, a consideration of one another's interests, and peaceful forms of dialogue.

B.V. Rakitskiy. While having as its strategic goal the implementation in the country of reforms managed from above, the party is in actual policy taking steps leading to the opposite results. A situation has taken shape whereby the means employed are contrary to the party's ultimate ends. For example, extensive cooperation with the informal organizations, with the people's fronts included, is being mistakenly rejected. Yet the solution of many conflicts may perfectly well be achieved thanks to the "structuring" of the public forces; the official registration of various social and political movements and their official enlistment in the solution of urgent problems and crises. However, the party is as yet doing everything to hamper this process. As a result the movements are being called informal, and their actions, unsanctioned. The party's monopoly position in the political system is preventing the informals realizing their constitutional liberties, which is only increasing social tension.

The process of renewal of the party is deciding the fate of perestroyka, and I would note the presence in this process of two trends: social democratic and conservative, Stalinist. In my view, there has been an appreciable change also in the attitude toward the party in the public mentality. The times when society intently viewed the decisions of the top party authorities as fateful for the country as a whole are gone.

The party's recovery is proceeding as yet under pressure from outside, and the party is adapting to the situation and endeavoring to survive and preserve the monopoly of power.

The government has recently by a whole number of its actions and decisions been involuntarily spurring tension in society. For example, there is constant talk of the catastrophic situation in the economy, although, judging by statistical summaries on the development of the national economy, the deterioration is proceeding at the former pace. The fears in connection with the state of the economy spurred by the mass media and the government have contributed to a large extent to the disorganization of the consumer market.

S.S. Shatalin. Two cardinal questions should be posed in the discussion of the party's place and role in society: Is it at all possible to overcome the crisis of socialism within the framework of the current sociopolitical system, and at what price? Is the assertion that any communist party is capable of finding within itself the forces for renewal not an illusion?

G.Ya. Rakitskaya. The main task now is elimination of the command-punitive system of power, the core of which is the party apparatus. Therefore when we speak of the need for a restructuring of the party, it is a question of restructuring as the result which should be achieved in the course of the restructuring itself, not of its starting point. The democratization of the party may only be the result of revolutionary processes in the country. At the same time, when it is maintained that the revolution needs to start with the democratization of the party, a vicious circle is born. It can only be broken by way of the development of the public movements, by way of pressure on the official authorities, and a search for mutual compromise and tactics which do not lead to civil war. Today the public movements are in themselves developing quite rapidly and coming into conflict with the system of power which has taken shape. Thus the commitment of troops to Baku was most likely connected with the fact that the party power structures had begun to collapse there. It seems to me that there was in Azerbaijan a structure ready to take the place of the party—the Azerbaijan People's Front, which really expressed the interests of the Azerbaijani people. What kind these interests are—democratic, nationalist, or some other—is another matter. The Azerbaijan People's Front was ready to take power peacefully, but at the decisive moment troops were committed with the main purpose of keeping the party in power.

Ye.A. Ambartsumov. The movement's name should not be confused with its political essence. Extremist, nationalist elements which organized pogroms against the population of other nationalities have gained preponderance in the Azerbaijan People's Front. I cannot, therefore, agree with the view that intrigues of the central authorities were behind the events in Azerbaijan and the commitment of troops to Baku. There is in this region a danger of Muslim fundamentalism becoming the driving force of events.

A most important condition of the fight against crime is the inevitability of punishment. At the same time the investigation of the pogroms in Sumgait led to the conviction of just one person, and the rest of the criminals vanished, as it were, into thin air. The authorities should avail themselves of their rights and constitutional duties in such cases also.

The party maintains that it is the guarantor of perestroyka. But people now no longer believe this. In addition, the example of the East European countries, where the communists are being removed from power, but where nothing catastrophic is happening as a result,

is persuading some people that democratization would be more profound were the party to be removed from power.

T.I. Zaslavskaya. The immediate formal introduction of a free market under the conditions of shortages in the Soviet economy would lead to the exacerbation of the current conflicts.

But the gradual reforms also are summoning into being a considerable complication of the social structure and a polarization of society. For this reason all serious transformations in the economy should be well thought out and prepared from the viewpoint of their social consequences.

M.L. Titarenko. The current situation in China is to some extent a version of what could happen in our country also if the processes of perestroyka go into reverse and conservative forces triumph. In this sense China's experience is very instructive. Its current sociopolitical situation is largely explained by the difference in the rate of implementation of economic and political reforms. The economic transformations begun in China in 1979 have been very successful, but the political situation has not changed. Against the background of the intensifying differentiation of society it has been considered, as before, that the interests of the people are common and that they may only be correctly reflected by the Communist Party. No political mechanisms of power which would harmonize the interests of different social groups have been created. China's experience testifies that initially economic transformations may perform a very important role. But unless they are backed by a broadening of political liberties, they become the catalyst of sociopolitical tension in society. China is also setting an example of how strong political authority may prove socially ineffective.

V.K. Volkov. A rapid process of the de-Bolshevization of the communist and workers parties is under way in the East European countries. The traditions of Bolshevism are being rejected inasmuch as what is inferred from them is extreme ideological intolerance, political extremism, a consciousness of one's own exclusiveness, and a denial of morality in politics. In correlating the events in East Europe with the processes in our country it is essential to take into consideration the particular features of the Russian national mentality, which will largely determine the further course of the development of perestroyka. It is necessary to consider the roots left in the public consciousness and mentality by the communal ideological legacy and the idea of equalization. The urban population is preponderant in our country now, but it is first- generation urban. For this reason our society may be called a society of socially displaced persons with an entirely new mentality—not village but not urban either in the Western meaning of the word.

We are currently experiencing metastases of Stalinism in the sense that our society has found itself infected by the Gulag Archipelago mentality. Nonregulation relations in the army, for example, are a calque from camp relations. Archipelago "ethics" have captured primarily the youth. Whence the aspiration among the youth to gangster-type groupism and the mass spread of pogrom sentiments. Today we need not programs and declarations but a mechanism of specific actions which makes it possible to consider and harmonize group, public, and private interests.

Despite the diversity of the opinions of the participants in the discussion, there was unity on what is most important—urgent transformations aimed at an intensification of perestroyka in society and the party are essential.

The most radical proposals expressed by the participants in the seminar amount to the following. In order to avoid civil war and chaos it is essential to recognize that socialism has not been built in the USSR; it is necessary to transform the party, ruling out its former position as nucleus of the command-punitive system; not to fear a split in the party; allow the creation of opposition forces; and not impede the secession from the USSR of the republics that insist on this. The vital necessity for the implementation of reforms, if only gradually, in civilized forms, but far more decisively and consistently, and strict compliance with all the requirements of Soviet laws, without respect of persons, was emphasized. Thoughts as to the need for the creation of a National Salvation Committee under the auspices of the USSR president were expressed.

Bovin Article Views U.S.-Soviet Summit

OW3105110090 Tokyo MAINICHI SHIMBUN in Japanese 30 May 90 Morning Edition p 6—FOR OFFICIAL USE ONLY

[Article contributed to the "Window to Perestroyka" column, by Aleksandr Bovin, IZVESTIYA commentator: "Impromptu Hopes Without Scenarios"]

[Text] During the U.S.-Soviet summit beginning on 31 May, the two presidents, Gorbachev and Bush, will discuss U.S.-Soviet affairs in general and exchange views on global issues and regional conflicts. A Soviet working group had arrived in the United States earlier, and the group for its own needs surveyed the site of the talks, the route of [Gorbachev's] movements, and the places he is scheduled to visit. There appears to be no problem in that regard.

No one can rule out the possibility that unexpected developments or unpleasant things might occur at the summit meeting. One should not entertain wishful thinking only. It is necessary to have doubts and learn about everything that is possible. Objectively speaking, the two superpowers are paying greater attention to the disarmament issues involving nuclear arms, conventional weapons, and chemical weapons, and also to measures to promote their trust. An appraisal on

whether the summit is a success or a failure will depend on what is agreed in Washington and what is signed there.

It is predictable that the summit will begin with topics on German unification. With political, social, and economic changes taking place among the past friendly socialist nations, the two powers—the United States and the Soviet Union—will be tested on not only the strength of their ties and mutual understanding, but also on their capability of coping with the changes in history.

To use a classic expression, the Soviet Union has suffered a major loss. It has lost East Europe, and East Germany will be absorbed into West Germany. The Warsaw Treaty Organization has lost its military meaning.

In Moscow, even now when the age of easing tensions is here, there are people who are strongly tempted to turn this over and to resort to force in blocking the changes and retrogressing back to the U.S.-Soviet cold war. Despite this, the Soviet Union has maintained its trust in the principles of new thinking and the policy of alleviating tensions, and has not taken a road for retrogression.

But then there are strong temptations on the part of Washington, too. There are people there who are tempted to do things that are convenient to the United States. They want to exert active influence on the East European nations to desert the Soviet Union, to encourage Lithuania, and to promote aid to the Baltic nations.

However, what the U.S. Government is emphasizing as its official position is that it will deal with the Lithuanian issue cautiously. This is because it does not want to weaken the position of President Gorbachev, who is the promoter of perestroyka, detente, and arms reduction. This is how mutual understanding is born between the United States and the Soviet Union, and how stability is maintained. Maintained thus are conditions for further political development of the U.S.-Soviet relations, and therein lies the rationale for the topics at the Washington talks.

To get back to the talks on the arms reduction, it appears that the West's mass media still like to use the expression—the rigid stand of the Soviet Union. I once talked to Deputy Foreign Minister Viktor Karpov, who is one of those "arms reduction supporters." He firmly refuted allegations that the Soviet Union is stubborn. The Soviet Union gains nothing by being stubborn. We are hoping that the presidents of the United States and the Soviet Union will sign the important protocols.

I do not wish to draw a picture of the U.S.-Soviet relationship as being dramatic. Arms reduction treaties cannot be concluded in a matter of three months, half a year, or one year. What is important is to maintain desires and direction toward the arms reduction, and to achieve goals, and then to march on beyond them. As a matter of fact, even this forthcoming Gorbachev-Bush talks should not be the last talks.

If we are to talk about dialogue regarding regional conflicts, there has been progress. The Nicaraguan issue has been normalized, and there has been an approach on the Afghan issue. Both the Soviet Union and the United States now welcome the intial contact between the African National Congress (ANC) and the South African Government, and efforts are being made to end wars in Angola, Mozambique, and Ethiopia, and bring peace there.

The entagled knots in the Middle East situation are tight, but there still is a way to untie them. The Soviet Union should be able to accelerate restoring diplomatic relations with Israel, and the United States should speak to Isreal in a more clear-cut manner. Right now "rock-throwing battles" are going on. Some Palestinian leaders warn that these can escalate into "knife-wielding battles."

In addition, there is an essential subject that has to be included in the U.S.-Soviet talks. This is the human rights issue. The United States is on the offensive and the Soviet Union is on the defensive on this. But the perestroyka and democratization policies in the Soviet Union have changed positions. As far as the question of allowing Jewish citizens to emigrate is concerned, it is now easier for them to leave the Soviet Union than for them to enter the United States.

I personally object to the summit only discussing predetermined subjects and closing after signing papers. In mature international relations it may be true that there have to be advance working level discussions for free exchange of views and for adequate explanation of each other's unique positions. But I would like to take note of this point: If the upcoming meeting produces concrete results, the impromptu hopes without scenarios displayed by the two leaders at the Reykjavik and Malta summit meetings will be of great significance to bringing about such results.

Falin Interviewed on German Unity, NATO

AU0706152490 Hamburg STERN in German 7 Jun 90 pp 21-23—FOR OFFICIAL USE ONLY

[Interview with Valentin Falin, adviser of Soviet President Mikhail Gorbachev, by Moscow correspondent Peter Bier and Washington correspondent Mario R. Dederichs; place and date not given: "The No From Moscow"]

[Text] [STERN] The German question, the issue of Germany's alliance membership, was not resolved at the summit meeting. How will things go on now?

[Falin] There was no intention to decide this issue in Washington. Nor would it have been entirely in line with the "Two-plus-Four" formula under which the two

German states and the four victor powers of World War II are negotiating. The plan was to prepare a certain consensus....

[STERN] ...which was, however, not possible.

[Falin] Don't be so impatient. The point was to give an impulse and food for thought.

[STERN] Could you be more specific, please?

[Falin] This is the first time since the end of the war that we have conditions for lasting solutions. We are aware that a war in Europe would be a catastrophe. So why all these armed forces, these mountains of weapons? We must create a situation which rules out war, no matter how things may develop between the countries or within a country.

[STERN] Should armaments be reduced to a mere defensive level?

[Falin] They should, as an interim stage. Regarding our military planning, the problem is for us to keep abreast of the rapid political developments.

[STERN] Is there not the danger that the two decisions—on unity and Germany's alliance membership—are not being made in parallel?

[Falin] The danger that things do not develop simultaneously does exist. However, I assume that new decisions will be found to replace the Four Allies' special rights and duties and to put an end to World War II and the cold war.

[STERN] What role will the Soviet Union in the future play toward Germany?

[Falin] Cooperation with the new Germany in all areas—cooperation marked by partnership and, if possible, by friendship.

[STERN] Without any restriction to German sovereignty?

[Falin] In the era of the United Nations Organization there is no unrestricted sovereignty anymore.

[STERN] That brings us to Germany's membership in NATO. Why does the USSR reject it so resolutely? Or is this mere tactics?

[Falin] Certainly not tactics. NATO was an instrument of the policy of confrontation. Its doctrine was using West Germany against the USSR. If we want to overcome the division of Germany and Europe, we must not continue this policy. With two security systems Europe will remain divided. The goal should be all-European collective security. During the transition period, NATO and the Warsaw Pact would continue to exist.

[STERN] So you would not accept all-German NATO membership, not even during the transition period?

[Falin] No, then part of Germany would continue to be a Warsaw Pact member. Any other development would so totally change the balance of forces that it would not only lead to regional, but to global consequences. Why should our military potential be reduced very rapidly but not that of the West?

[STERN] Would the Soviet Union welcome the reduction of our military potential to equal upper ceilings in both parts of Germany?

[Falin] Yes.

[STERN] Even if the united Germany were a member of NATO which will be changing and will in the final analysis become unnecessary?

[Falin] First of all, NATO should change.

[STERN] But we do not yet have a security system to replace the pacts now.

[Falin] It could be created simultaneously. Instruments from NATO and the Warsaw Pact would be transferred to an all-European security system, as long as they remain in existence. During this time, U.S. troops will stay in West Germany and Soviet troops in the GDR.

[STERN] Maybe in a year the GDR will not exist anymore.

[Falin] That may be. It may also be that the FRG does not exist anymore, but a united Germany. Then this new Germany should define its role in Europe in a way acceptable to all sides.

[STERN] How about the right of self-determination?

[Falin] There are limits to that, too.

[STERN] If a freely elected all-German government decides that all Germany should be a NATO member....

[Falin] ...An all-German government does not have the right to decide that. There are still the Four Powers' rights and duties.

[STERN] For how long?

[Falin] As long as no peace treaty has been concluded.

[STERN] Oh, now you are mentioning the peace treaty?

[Falin] Why? A war must be ended with a treaty, or what?

[STERN] The objective of the "Two-plus-Four" negotiations was not a peace treaty.

[Falin] All participating states have the right to discuss every question they consider important. The point is creating an entirely new international situation in which the Four Powers can drop their rights and duties.

[STERN] Do you intend to keep the German question open until the NATO issue has been clarified?

[Falin] Both processes could be synchronized. We are not calling for a treaty that would discriminate against the Germans; we are not calling for a Versailles. However, we need a settlement for Germany which will be accepted by our people, a settlement which must be more than an intermediate stage in the eternal alternation between war and peace. That is our right after all that has happened.

[STERN] The Bonn Government has made clear that it will take over certain obligations of the GDR toward the USSR in the economic and trade areas.

[Falin] That is very generous; however, international law means something different: The unification process will not be an accession [Anschluss] of the GDR to the FRG.

[STERN] The conditions of unity are being freely negotiated by the two German governments.

[Falin] No, that is not entirely correct. It is not only an internal problem of the two German states.

[STERN] Does that mean that the pledge Gorbachev made on 10 February that unification is the Germans' business is no longer valid?

[Falin] It is still valid. However, it must not be interpreted to the effect that we propose the expansion of a state at the expense of another state. The FRG is not free of its obligations toward the Western Powers, and the GDR was given a mandate by the Soviet Union when it was founded. This mandate has not been annulled by anyone to date. This state was supposed to pursue an anti-fascist policy, a peace policy, and it was supposed to respect the Potsdam agreement and all the other agreements. Should anybody believe that all this is history, I would say that this is not the case. I am speaking about a final international settlement.

[STERN] Is this the position that Gorbachev represented toward Bush?

[Falin] Certainly. It will continue to be his position. How else could we bindingly settle the border issue?

[STERN] Among other things, by defining and enshrining in the Basic Law the borders of what is today the GDR and the FRG.

[Falin] That is an internal affair.

[STERN] And by defining them in agreements with our neighbor countries; Poland, for instance.

[Falin] The Oder-Neisse border is not just a German-Polish border but a European border.

[STERN] Would a German-Polish agreement laying down the borders not satisfy the Soviet Union?

[Falin] No, because every change of borders, which could be made under certain circumstances, would also concern other countries' security interests.

[STERN] Why so much distrust?

[Falin] That has nothing to do with distrust. It is absolutely necessary to prevent a situation which would cause new instability, a situation which could be created as a result of different interpretations.

[STERN] Are you not concerned that the situation could change to the disadvantage of the Soviet Union if it blocks this process regarding NATO membership?

[Falin] That is the old way of thinking. During the past year, the Soviet Union had an opportunity at all stages of developments in Europe to steer events in a way that would have prevented the present situation. Do you want us to forget our vital interests as we are restructuring things in our country?

[STERN] Do you not agree that the FRG's readiness to help the USSR economically and financially will decline the longer you wait?

[Falin] We should not treat each other as the currently stronger or weaker side, but as partners. Why don't you keep your billions! We will be able to get out of the present situation by ourselves. These are only transition problems. What we need is security and the certainty that our existence and the fate of our people will not be jeopardized once again. If our foreign minister signs a treaty envisioning NATO membership for a united Germany, such a treaty would not be accepted by our Supreme Soviet. I guarantee you that.

PRAVDA's Frolov on Germany, Japan Ties

OW0106060790 Tokyo ASAHI SHIMBUN in Japanese 25 May 90 Morning Edition p 4—FOR OFFICIAL USE ONLY

["Summary" of interview with Ivan Frolov, PRAVDA chief editor and concurrently secretary of the CPSU Central Committee, by Yoshio Murakami, ASAHI SHIMBUN Foreign News Department editor, at ASAHI SHIMBUN headquarters in Tokyo on 24 May]

[Text] [Murakami] What are the prospects for the U.S.-Soviet summit scheduled to start on 30 May? Will the summit go as far as to produce basic agreement on the Strategic Arms Reduction Talks (START)?

[Frolov] The upcoming summit will put the finishing touches on a series of talks, including the Malta summit, and will be the beginning for the next work. I attended the Malta summit and accompanied President Gorbachev on his trip to New York. The two leaders have steadily deepened their mutual understanding, and this is the flow of the times.

Secretary of State Baker recently visited Moscow, and his visit produced results. In particular, a highly significant agreement is ready for START. However, there are external, negative factors in the way of the upcoming summit. Some Americans oppose the summit.

I myself visited the United States this April and talked with responsible persons, including senators. I was convinced that they wanted to ensure the success of the summit.

[Murakami] Am I correct to assume that all treaties concerning START can be signed within this year?

[Frolov] It will be possible if talks go smoothly. However, I think that a basic START agreement at the upcoming summit will be important.

[Murakami] Are there any agreements to be signed at the summit in addition to those on the prohibition of chemical weapons and the verification of nuclear tests?

[Frolov] I have heard that a package of agreements is ready for signing. I think that the two leaders will make in-depth and energetic discussions at the summit, and this will result in the signing of various documents.

[Murakami] On united Germany's ties with a military organization, Soviet Foreign Minister Shevardnadze has said that "the issue should be shelved for the next several years." Does his statement imply Soviet approval of a united Germany joining the North Atlantic Treaty Organization (NATO)?

[Frolov] His statement by no means implies such an approval. There have been no changes in our nation's fundamental stance on German unification. I do not know why a unified Germany should join a military bloc. We hope that military blocs will become something of the past as German unification makes progress. Neutrality might be ideal not only for a unified Germany but also for our nation's new thinking.

[Murakami] The United States is strongly insisting that European security should be ensured by NATO and that a unified Germany should join the NATO framework. How do you see this insistence?

[Frolov] NATO exists against our bloc, and it is impossible for us to ignore the reality of such an existence. We are calling on all to renounce bloc thinking. There should be new awareness in response to the drastic changes taking place in Europe. We have proposed building a "common house of Europe" based on our new philosophy. Even if this common house is built, bloc thinking will raise the issue of which organization, NATO or the Warsaw Pact, a unified Germany should be affiliated with. This does not correspond to changes taking place in Europe and the entire world. I hope Western politicians will change their awareness.

[Murakami] Will President Gorbachev visit Japan in the first half or the second half of next year?

[Frolov] President Gorbachev attaches great importance to the Asia-Pacific region. The Soviet Union views Soviet-Japan relations as an important element of its foreign policy and is paying attention to them. On the president's visit to Japan, although detailed preparations are being made, major decisions should be made and mutual understanding and cooperation between the two countries should be promoted for his visit to Japan. Whether he will visit Japan in the first half or the second half of next year will be a yardstick to measure whether the Soviet Union attaches importance to its relations with Japan.

[Murakami] Is there any possibility of the new thinking being applied to the northern territories issue? In an interview with an ASAHI SHIMBUN correspondent in Moscow, you stated that consideration should be given not only to the northern territories issue but to all matters concerning the two countries.

[Frolov] There is no major change in my views. I have not come to Japan with new answers or decisions.

[Murakami] The Soviet Union deployed about 10,000 troops in the northern territories in late 1979. Will the Soviet Union cut back or withdraw its troops in the northern territories under the Soviet disarmament framework for the Far East?

[Frolov] With regard to specific issues, some sort of debate has begun between the two countries, and it is difficult for me to say how the debate will progress. The Soviet Union intends to improve and develop relations with Japan. It is possible to resolve many specific issues and to find consensus. Some issues, which cannot be resolved immediately, will be left for future resolution. It is necessary to adopt this wise method in resolving issues through negotiations. Since the two countries will discuss issues that have been left unresolved and undebated for several decades, in my personal view, I am optimistic about progress in future consultations. What I want to stress is that the Soviet Union wants not only to promote co-existence but also to develop friendly and cooperative relations between the two countries. I expect Soviet-Japanese relations will be elevated to a new level. Needless to say, it is necessary for Japan to make concessions to that end. Our nation is not walking on level roads. Japan has wonderful ability in building roads, and our nation is energetically working to build roads. I hope you take this remark as a metaphor.

[Murakami] I believe the major objective of perestroyka (reform) is Soviet economic reform. Now, five years after perestroyka was launched, the Soviet economy is in a situation where it cannot even find the way out. Is it not?

[Frolov] Our nation started perestroyka in the economic area in 1987; therefore, it can be said that it was launched just three years ago. It is necessary to draw up plans and formulate models to carry out reform, and a certain period of time is needed to that end. I can say that true economic perestroyka has just begun. There are cumulative problems brought about by past economic management, and they are causing fiscal crisis and difficulties. They still remain unresolved. From this viewpoint, it can be said that our nation is in a transition period.

To my regret, many people have fanciful expectations of perestroyka. In other words, they think that if they go to the stores early in the morning, they will find the store shelves full of goods. Some people think that they do not have to work because they will have everything. Therefore, it is necessary to change the people's psychology and consciousness. Among other things, they must work, but they do not fully understand this. Perestroyka will not change everything in a stroke. The people must understand that even if perestroyka is carried out, they should not expect miracles.

[Murakami] Of late, it has been reported in the West that the Soviet military is reacting negatively to radical troop cuts and measures to deal with the nationalities issue. There were rumors of a coup attempt this February. What do you say?

[Frolov] The story of a coup is totally groundless. Of course, some people in the military view the advent of a climate for large-scale disarmament as improper. However, there is virtually no danger of the military moving to halt perestroyka when it is progressing on legal and constitutional grounds. To be sure, some people in the military, who are discontent with perestroyka, are waging campaigns against it as activists. Their activities have been shown on television. However, the entire military is under the command, guidance, and control of the president.

[Murakami] The 28th CPSU Congress will open on 2 July. What will be major tasks at the congress? Is there any possibility of President Gorbachev renouncing his concurrent post of party general secretary?

[Frolov] The party will be reformed and changed. The foremost priority is to create a new type party corresponding to perestroyka. In other words, the party will regenerate into a new party, dismantling the old managerial system under which the party directly guided and managed various aspects of society in the past.

The forthcoming party congress will be an historical event devoid of exaggerations in the course of developing our nation and party because it will resolve the most delicate issue; that is, the relationship of the party, the society, and the people under a multiparty system. Some members of the democratic platform are trying to form their own faction, and this is an attempt to split the party. Their move is unsuitable for the name democratic platform. There will be fierce debates at the party congress. We do not want the party to split in the classical sense. If someone wants to leave the party, we will tell him: We wish you a good struggle.

At the present stage, I think it is indispensable that the president concurrently holds the top party post. The principle of decentralizing power, which the president has maintained, should not be renounced, and such decentralization of power should be carried out based on the reality that the Soviet Union is in a transition period. President Gorbachev himself has said that "If I am asked to take the leadership of our party, I will not reject such a request." Needless to say, the party congress will decide everything.

Presidential Adviser Views German Unification

OW3105145290 Tokyo YOMIURI SHIMBUN in Japanese 28 May 90 Morning Edition p 5—FOR OFFICIAL USE ONLY

["Interview" with Georgiy Shakhnazarov, advisor to President Gorbachev, by YOMIURI SHIMBUN correspondent Fuse on 26 May]

[Text] Moscow, 26 May—On the eve of the U.S.-USSR summit talks in Washington, Georgiy Shakhnazarov, advisor to President Gorbachev and one of his policy experts, granted an interview to YOMIURI SHIMBUN on 26 May, and disclosed that the issue of Germany's unification and the disarmament issue would be major topics at the summit, and that the Soviet side would make comprehensive proposals.

According to Advisor Shakhnazarov, the proposals for compromise will mainly include: 1) confirmation of the military role of unified Germany will be postponed until after unification; and 2) the Soviet Union is flexible about the issue of concluding a peace treaty. Concerning the conclusion of a peace treaty, the advisor stated that "restoring the state of peace" should be emphasized, and that the conclusion of a peace treaty "could be replaced by exchanging personal letters or by deciding the issue at an international conference." Concerning this approach, it is observed that the Soviet Union has been forced to review its hard-line position because of the rapid development in the process toward unification. Advisor Shakhnazarov also stated that the Soviet Union expected that the U.S. side would also make "some proposal for compromise" on unified Germany's admission into NATO.

Concerning the Lithuanian issue, which is still pending between the Soviet Union and the United States, Advisor Shakhnazarov clearly stated that the Soviet Government would not make proposals for compromise, such as lifting the economic sanctions prior to the summit talks. Citing the reasons for this decision, he pointed out the facts that the Lithuanian side had backed away from Premier Prunskiene's proposal for freezing all resolutions, including the declaration of independence, and denounced Supreme Council President Landsbergis as well as the "Sajudis," a radical nationalist organization, for "avoiding bold confrontation with the major problem (the freezing of the declaration of independence)."

'Cross-Recognition' of ROK, DPRK Discussed

OW1206085790 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Jun 90 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Text] K. Sarkisov, director of the Institute of Oriental Studies under the Soviet Academy of Sciences in charge of Japanese affairs, was interviewed by a NIHON

KEIZAI SHIMBUN reporter, during which he disclosed his view that North Korea (DPRK), because of its policy of attaching priority to the tripartite talks (between the United States, the ROK, and North Korea), "is intentionally refraining" from improving its relations with Japan out of fear that this could lead to cross-recognition (with Japan and the United States recognizing North Korea, while China and the Soviet Union recognize the ROK).

According to Director Sarkisov, North Korea is sensitive to the moves toward cross-recognition, fearing that this could lead to the permanent separation of the Korean Peninsula. He pointed out: "The only practical way (of settling the question of the Korean Peninsula), however, is for the four big powers concerned (the United States, Japan, China, and the Soviet Union) to establish diplomatic relations with the ROK and North Korea, respectively, so that the both states will be recognized in the international community. It is only after such a development that dialogue will become possible." Thus, he indicated his view that North Korea had been forced to accept substantial cross-recognition and that it would have no choice but to accept it.

As a result of the summit talks between the ROK and the Soviet Union, attention is now centered on the prospects for the establishment of diplomatic relations between the two nations. Touching on this issue, he stressed a cautious approach, and stated: "The Soviet Union is now waiting to see clearly the attitude of the other party concerned. It has been decided that diplomatic relations should be established. However, the timing will be set only after it is believed that it will not cause an unstable situation to emerge on the Korean Peninsula."

Ambassador Petrov Views Soviet-Cuban Ties

WA0406191290 Moscow LATINSKAYA AMERIKA in Russian No 5, May 90 (signed to press 13 Apr 90) pp 123-128—FOR OFFICIAL USE ONLY

[Interview with Yu.V. Petrov, USSR ambassador extraordinary and plenipotentiary in the Republic of Cuba, by unidentified correspondent in Havana; date not specified; first paragraph is paper's introduction: "The Anniversary Is an Excuse To Concentrate on Unresolved Problems"]

[Text] This May will mark 30 years since the restoration of diplomatic relations between the Soviet Union and the Republic of Cuba. In this time the two countries have acquired tremendous and largely instructive experience of cooperation in all fields. In connection with the notable date our correspondent in Havana met with Yu.V. Petrov, USSR ambassador extraordinary and plenipotentiary in the Republic of Cuba. A transcript of the conversation which took place is provided below.

[Correspondent] How do you assess the path trodden since the time of the establishment of relations and what, if you will, is their final balance as of the present?

[Petrov] It is undoubtedly in surplus. In order to persuade oneself of this it is sufficient to take an impartial look at today's Cuban reality and compare it with the prerevolution period, and also with the level of economic and social development of other countries of the region.

I do not wish to burden the reader with figures and will say only that in this time Cuba has in the majority of indicators achieved a five to tenfold increase. It has succeeded in appreciably diversifying the single-crop economy and raising the national economic complex to a qualitatively higher level. New industrial enterprises and agricultural complexes have grown up on once-barren territory. The engineering base of the production of the traditional export commodities has been strengthened, and sectors which did not previously exist—agricultural machine building, electronics, commercial fishing, and the production of oil and its refining—have been created and have enjoyed accelerated development. There has been a considerable growth in the production of steel and fertilizer, and undoubted successes have been scored in biotechnology and the development of science as a whole. In the sphere of health care, education, and sport Cuba is on a par with highly developed countries. These and other successes have been achieved thanks to the intensive labor of the people under the leadership of the Communist Party and thanks to the fraternal assistance on the part of true friends, primarily the Soviet Union.

Strong ties have in the years that have gone by been established between our peoples and our party, state, and public organizations. More than 30,000 Soviet specialists have worked in Cuba, investing in this land their soul, heart, and of course, colossal labor. Members of numerous official delegations and figures of art, science, and culture have been visitors here; thousands of Soviet tourists familiarize themselves with Cuban exotica annually. In turn, our country has been visited by tens of thousands of Cubans, and many of them have acquired an education in the USSR, upgraded their qualifications, and assimilated new specialties directly in the work force. There has been, in my view, not only a social and political but also purely human rapprochement, and an atmosphere of mutual respect and trust has taken shape. All this instills pride in what has been done and strengthens faith in the future.

[Correspondent] But is the history of our relations cloudless?

[Petrov] Of course not. There have been various occasions which have arisen by virtue of objective and subjective factors. But, first, history cannot be rewritten, nor is there any need; and second, the main thing is that ultimately we have together found the right way out of even the most complex situations. And this long experience is also our common conquest and our wealth.

As a whole, however, it would seem to me entirely natural that certain disagreements arise in relations between sovereign states and that one's own vision of this problem, circumstance, development path or the

other and so forth is manifested. And there is no point either hiding or, even less, dramatizing them.

[Correspondent] But it is better to try to prevent exacerbation for all that. What in your view is required for this?

[Petrov] The main thing is to try to understand the position of the partner, listen impartially to his arguments, and candidly express one's own. Firmness and high-mindedness in the defense of this position or the other are needed, but a readiness to consent to compromise is undoubtedly needed also. Obviously, the more complex the situation, the greater the attention and tact and greater consideration it requires. M.S. Gorbachev is a thousand times right when he maintains that there are no simple solutions in politics.

[Correspondent] There has been much talk recently about the insufficient effectiveness of our cooperation and about big potential and missed opportunities. What is your opinion?

[Petrov] Truly, more could and should have been done in past years in the plane of rationalization of the cooperation mechanism included. Even greater significance is attached to this question in connection with the radical changes that are occurring in our country, the East European countries, and the world as a whole. The Cuban comrades agree with the need to stimulate the search for ways to enhance the efficiency of cooperation. It is thus a question of specialists and specific joint work. Our trade with Cuba is by no means a one-way street, but commodity turnover between our countries is not as yet balanced and in the current five-year plan the USSR will grant Cuba credit totaling approximately 4 billion rubles.

The situation in this sphere can and should be improved. Some things are already being done: Practically for the first time, Cuba will this year begin sending supplies to the Soviet Union of medication and medical equipment we need and will increase exports of equipment of electronics industry. Lead and zinc concentrate will begin to arrive in the next few years. There is the possibility of an increase in supplies of a number of other commodities in which our country is interested.

[Correspondent] The mass media frequently write about the big surplus payments for Cuban sugar. What can you say in this connection?

This is a most complex and painful question. There is, it would seem, overpayment, but it has to be considered that the EEC countries and the United States purchase a substantial amount of sugar from their suppliers not at world but at preferential prices ($400-$450 per ton instead of $200). (Footnote 1) (At the present time world prices are close to $300 per ton. For more detail on this problem see LATINSKAYA AMERIKA No. 2, 1990, p 5; No. 4, pp 38, 69-70). In addition, the Cubans overpay us for oil almost double compared with world prices and pay in the same proportion almost for equipment and machinery which, for known reasons, it is difficult to sell on the foreign market. There are also, undoubtedly, other arguments for and against the present prices, but one thing is absolutely clear: This question requires comprehensive, balanced, and public examination by specialists.

I am nonetheless convinced that there are prospects for the development of mutually profitable trade, and good prospects at that. There is much work to be done here by specialists of both countries, the more so in that the times are dictating new conditions. It would seem that there should be two levels in the development of this sphere of relations. The first is the state level presupposing centralized trade. The second level is direct relations. True, there will be objections to the effect that our enterprises have no interest in such—great distance, the partner's limited resources, nonconvertible unit of currency, and so forth. Of course such considerations are not without reason, but this is, I believe, a simplistic approach which fails to take account of the actual state of affairs. Cuba has things to offer our enterprises. Quite substantial scientific and production potential has been created here which may perfectly well be used jointly, for supplies of products to third countries included. We cannot forget the island's truly unique natural and climatic conditions for the development of tourism. Cuba could be a dependable bridge leading our enterprises into the Latin American market. Nor do the Cubans rule out the possibility of the creation of trilateral enterprises with the participation of such countries as Argentina, Brazil, and Mexico. In a word, there is a great field of activity; it is merely the interest, initiative and of course, responsibility that are needed.

[Correspondent] To whom primarily does the last of the listed demands pertain?

[Petrov] It is not a question of ascertaining who is more to blame. It is important that everyone always operate responsibly and display a sense of obligation in the fulfillment of agreements. I have already said that Cuba is visited by many delegations headed as a rule by esteemed comrades holding high office. It distresses me greatly that some of them remember their promises and signed documents even only as far as the steps of the aircraft. And subsequently begin to cite thousands of reasons why it is not possible to fulfill the thousands of commitments they have assumed (voluntarily, more often than not).

[Correspondent] Could you cite specific examples?

[Petrov] Of course, but perhaps we should be diplomatic in this case and give everyone an opportunity to once more recall their promises and, what is most important, adopt measures to realize them.

[Correspondent] I allow that it is awkward for you to name names. How are the mutual commitments fulfilled as a whole?

[Petrov] I have to say frankly that there has of late been a deterioration in the situation on both sides, but the

shortfall in supplies from the USSR is, for all that, several times greater than the debt of our Cuban partners. The chronic shortfall in the supplies of spares is particularly painful. You can imagine we have sold here hundreds of thousands of home appliances but, owing to a lack of spares, some of them wait for repairs for months, even years at times. Our suppliers should be working seriously on increasing the quality of the products with regard for Cuba's tropical climate. It is time also, it would seem, to organize the followup maintenance of their products.

There are serious complaints about our technical assistance also. The situation at many facilities is literally scandalous. The trouble being that to our "traditional" shortcomings we have to add Cuban shortcomings and multiply all this by the distance between us. Whence the giant-mania, projects long in completion, thousands of tons of rusting equipment, low quality, and the years it takes to assimilate installed capacity. The solution of these problems brooks no delay.

[Correspondent] Is there a scientific concept of the entire set of relations with Cuba or is one being elaborated? Is there a need for such a concept or is this a matter of "pragmatism"?

[Petrov] There is such a concept, it was adopted in 1988. However like any concept, it determines merely the main directions or points of application of the joint efforts. The task is to fill it with specific content, proceeding from available experience and actual conditions. Not the least part here could be played by our ministries and departments, primarily the USSR Ministry of Foreign Economic Relations and the State Planning Committee as qell as scientists, including some from the USSR Academy of Sciences Latin America Institute.

[Correspondent] The question of the quantitative and qualitative parameters of assistance to Cuba and its debts to the Soviet Union has been posed increasingly insistently of late. IZVESTIYA recently published absolute figures from which it follows that the Cuban debt is in excess of 15.5 billion rubles. How might you comment on this issue?

[Petrov] It is natural, I see no sedition in it. The situation in our country is difficult, and people naturally want to know whether resources are being spent correctly and where it is possible to economize. Questions of cooperation and assistance must be evaluated comprehensively, including the political, economic, military and of course, moral-ethical aspects. At the same time we cannot forget that assistance to less developed countries is a task common to all mankind, without whose accomplishment achieving dependable stability in the world is impossible. For this reason immediate savings are far from always a blessing. Although it is also true that the stricter the reckoning, the stronger the friendship.

[Correspondent] Is our aid not engendering dependent sentiments?

[Petrov] This was possibly the case earlier. But the situation has recently been changing for the better. For example, for many years the idling of Soviet ships while unloading in Cuban ports was a customary occurrence, to which both parties reacted quite calmly. But at the start of last year, in connection with the transition of enterprises of the USSR Ministry of Maritime Fleet to financial autonomy, its representatives at the negotiations made strict demands of their Cuban partners pertaining to an acceleration of the unloading operations, making specific help available also incidentally. As a result the handling of the ships has been speeded up 20 percent. Have there been such improvements everywhere? Far from everywhere as yet, unfortunately. But it is important that a candid constructive discussion of shortcomings is under way today.

Within the process of the rectification or, as they say here, correction of mistakes, an economic experiment in various sectors of the national economy is under way here; decisive measures to strengthen discipline are being adopted; the task of the provinces' self-sufficiency in fruit and vegetables and an increase in meat production has been set; and an active scientific quest for resources of feed protein, on the basis of new techniques of the use of sugar cane waste included, is being conducted.

At a special Cuban Communist Party Central Committee plenum recently it was deemed essential to elaborate measures to increase the efficiency of party work and the activity of the public organizations, upgrade the economic mechanism, and strengthen the role of the public authorities. It is planned to adopt the necessary measures at the next party congress. Waht is more, as you can see work is under way, tactically and strategically. It is important today not to reproach one another (although mutual exactingness needs to be further increased) but to seek together solutions enabling us to go forward.

[Correspondent] How do you evaluate the foreign policy situation around Cuba and how is it influencing the domestic processes under way in the country?

[Petrov] The foreign policy situation for Cuba is currently complex. On the one hand its international authority has grown, testimony to which was the practically unanimous election of the country as nonpermanent member of the UN Security Council. On the other, increasing pressure on the part of the United States. High-handed conditions, manifestly unacceptable to Cuba, are frequently being put forward and what is more, massive military exercises in direct proximity to Cuba's territorial waters continue and charges of Havana's complicity in the drug business are being heard. Despite the protests of the Cuban side, supported by many countries, the United States is planning in the immediate future to begin direct television transmissions to Cuba. An anti-Cuba campaign aimed at the overthrow of the current system in the country continues on radio and in the mass media. And all this is being served up under the flag of struggle for democracy.

[Correspondent] The question inevitably arises, what then is to be considered interference in the internal

affairs of a sovereign state? After all, the Americans present even direct aggression, as occurred recently in Panama, as an operation in the name of democracy and the fight against the drug trade.

[Petrov] I realize that the United States could have certain complaints about Havana, grievances even. But, after all, Cuba also has many complaints about the United States. So would it not be better to examine them at the negotiating table? The Cuban side, incidentally, has repeatedly declared a readiness for such without any prior conditions. And that the Cubans are sober-minded politicians capable of compromise was shown, for example, by the negotiations on the granting of independence to Namibia. In response to an appeal from the UN secretary general, Cuba announced last December a readiness to take part in a settlement of the conflict in Central America. However, the Americans are not ready for contacts, it would seem, even on such a painful issue for them as the fight against the illicit drug trade.

In response to this U.S. policy, the Cubans are absolutely serious in their preparations for an all-out war and have been forced to spend substantial resources for military purposes, wresting them away from the needs of peaceful building. So, I repeat, the situation is really complex. It requires unity and firmness of the people and the leaders of the country and also requires international support in the defense of this comparatively small sovereign state against the encroachments of outside forces. And no one is in any doubt that the Cubans achieved their revolution through suffering, accomplished it themselves, are proud of what has been achieved, and are prepared to defend their homeland to the last drop of their blood.

[Correspondent] We have spoken about the balance sheet of cooperation in the past. What can be said about the future?

[Petrov] We should not, I believe, retreat from Leninist tradition, and in commemorating the memorable date it is essential to concentrate attention on unresolved matters. In a composed businesslike atmosphere we need together to make an impartial analysis of what has been done in the past 30 years. To adopt all that is good, ascertain the causes of failures, and map out the paths of a removal of shortcomings and an increase in the fruitfulness of cooperation in the interests of the peoples of our countries and the triumph of the ideals of humanism.

Latin American, Caribbean Policy Examined

90UF0198A Moscow LATINSKAYA AMERIKA in Russian No 5, May 90 (signed to press 13 Apr 90) pp 45-49—FOR OFFICIAL USE ONLY

[Article by A.N. Glinkin: "Will There Be a Fast Takeoff?"]

[Text] The formulation of such a question with reference to the prospects of the USSR's relations with Latin American and Caribbean countries (LACC) proceeds primarily from historical experience. At the same time, however, this problem is now being actively debated, attracting the close attention of the world community.

Despite the long-standing mutual interest and declaration of good intentions, relations between our country and the LACC states since 1917 have taken shape with difficulty, and the trajectory of their development is reminiscent of the ebb and flow of the oceans separating the Western and Eastern hemispheres.

Nonetheless, the starting line had already been negotiated by the start of perestroyka in the USSR's relations with the "big three" (Argentina, Brazil, and Mexico) and certain mid-development states of the region. In other words, a system of relations had been established, and a treaty, legal base, and infrastructure of cooperation (intergovermental commissions, diplomatic consultations) had been created making possible, given propitious conditions, more confident advancement. Beyond this "basis" it is still frequently necessary in the development of Soviet-Latin American relations to raise "virgin land": the partners' lack of historical traditions, broad experience and, at times, elementary knowledge of one another give rise to considerable difficulties. Is this not the reason why "we underestimate Latin America," as people's deputies recently acknowledged in the journal following the recent visit to a number of countries of the region?

What have we succeeded in putting down on the credit side in the five years of perestroyka, which have transformed the face of our foreign policy?

For the first time in practice of many years' standing the entire set of relations with the USSR's main partners in the region is, albeit with polemical costs to a large extent, being discussed—in the interests of their optimization, the imparting of greater efficiency, and an increase in the level and a stimulation of bilateral relations with the most important states of the region. A process of the establishment of contacts with countries which never previously had relations with the USSR (Guatemala, Honduras, the Dominican Republic) is under way. A rapprochment of positions and the development of cooperation in the United Nations and other international forums continues, and the barriers and prejudices, the "enemy image" stereotype, in particular, which hampered Soviet-Latin American relations earlier are being overcome. The number of agreements on the development of mutually profitable cooperation in many spheres was supplemented in the latter half of the 1980s. All this became possible thanks to the renewal in the latter half of the 1980s of our foreign policy course.

it is obvious, however, that the progress which has been made would have been impossible without reciprocal movement on the part of the LACC. The processes of democratization in the region expanded in the 1980s the number of states presenting independent positions in the international arena and increased substantially their participation in the Nonaligned Movement and involvement in the solution of global and regional problems, conflict situations in particular.

A whole number of features (historical experience of life alongside the "northern colossus," initiatives pertaining to the establishment of a nuclear-free zone, establishment of a regional mechanism for settlement of the central America conflict) are making the LACC states not only objectively interested supporters of but also active and independent characters in the process of the restructuring of international relations on a just basis.

The new vistas which have emerged in the development of relations make it essential to determine precisely at which frontier we find ourselves today, to objectively evaluate existing achievements and the "bottlenecks," traditional or those which have emerged recently, and view prospects and alternatives in a realistic light. This cannot be done without having self-critically reexamined our lightened vision of the development of Soviet-Latin American relations which had become firmly established in the time of stagnation. It was at that time that the concept of their conflict-free development, dynamic growth, expansion, and progress became prevalent with us. Latin America was portrayed here as a showcase of invariable successes of USSR foreign policy even when the states of the region unanimously condemned in the United Nations, for example, the USSR's participation in the war in Afghanistan. Experts confined themselves mainly to an examination of quantitative indicators: an enumeration of visits and exchanges, the number of agreements concluded (which usually remained unrealized), data on the high rate of growth of trade (from a zero reading) and so forth. Conventional incantations reiterated for decades concerning the tremendous latent potential and highly promising prerequisites for an expansion of mutually profitable relations screened the real picture of relations which were taking shape in complex fashion and their actual dimensions. It is sufficient to recall the burst of euphoria when, in the first half of the 1980s, reciprocal trade jumped sharply and passed the R3 billion mark, although in practice this "progress" was of an unhealthy nature since it had been brought about by troubles of our agriculture which had surfaced. Under the conditions of the economic sanctions on the part of the United States and its NATO partners the USSR Government was forced to make urgent large-scale purchases of grain, meat, and other foodstuffs on the Latin American market at high prices, without in exchange obtaining an opportunity for appreciably expanding exports of Soviet commodities to the LACC countries.

Such instruments of scientific analysis are hardly any good in our day. However, it would seem that echoes of the euphoric views show through today also in the claims that "there are, as a whole, pretty good prospects" for our relations with LACC countries. These claims do not so much, in our view, provide a vision of the future as lull the senses, creating the impression that we need just to make a few more efforts and be somewhat more organized in the conduct of foreign affairs, and we will be advancing at the double in this important direction of our foreign policy activity. Actual processes are always a confrontation of different, frequently contradictory and, at times, opposite trends. In fact the old (extensive) model of the development of relations with the LACC countries (in the economic sphere particularly) is completely exhausted, producing modest results, and a fundamentally new model is needed for the creation of new "pretty good prospects" and their materialization. The complexity of the building of such a model is connected not only with the need for the immediate transition to new and more flexible forms of interaction with one's partners fully taking into consideration the development level they have achieved and specific requirements. Their efficiency will depend to a decisive extent on a fundamental restructuring of our entire national economy and system of foreign economic relations, on progress in the building of a home common to all mankind without weapons and violence by the year 2000, and a further expansion of the sphere of application of the new political thinking not only along East-West lines but also in a North-South and South-South direction.

The experience of the first five-year period of perestroyka indicates the complexity of forward movement. A most important aspect of perestroyka is the painful change of philosophy and world vision. In this context some commentators, Latin America experts, and people's deputies are raising the question of the very high, not to say excessive, charge for "our interests" in the LACC. The reference here primarily is to Soviet-Cuban trade and economic and scientific-technolgical cooperation. A communication of the EFE press agency citing a statement of Yu.D. Maslyukov which he made at a press conference at the time the Second Congress of People's Deputies was in session maintains that assistance to Cuba on the part of the USSR amounts to R4.8 billion annually.

Other new approaches which are being actively debated are calls for a closer look at the process of "catch-up development" of the LACC countries and also their experience of transition from authoritarianism to democracy and, possibly, apprenticeship to them on certain matters. Without getting into a comprehensive argument concerning these viewpoints, interesting in some respects, inasmuch as they require serious scientific study, I would like to mention the following. Much in our relations with Cuba and with Nicaragua also cannot be gauged in terms of "income" and "expenditure." For this reason an evaluation of the "costs burden" of these relations should, in our view, be approached in balanced fashion and with regard for the overall foreign policy strategy of the USSR. Following M.S. Gorbachev's visit, Soviet-Cuban relations have been switching to the tracks of modernization and inasmuch as it is a question of deep-rooted structures of military, political, and economic allied relations, their restructuring cannot be of the nature of one-time or voluntarist actions. The debate which has developed has at the same time shown distinctly that without greater glasnost on questions of the effectiveness of the USSR's ties to its allies in the region it is difficult to formulate the optimum approach to their further development. As far, however, as the second concept is concerned, the similarity in our historical development trajectories and

the community, at first sight, of many problems concerning both the modernization of the economy and the reorganization of political structures are obvious. It is surely possible to borrow some things of use from the Latin American experience, unless we succumb to self-debasement and self- disparagement, as, unfortunately, is frequently the case upon certain commentators' familiarization with the reality of the West.

The question of how the present and future of our relations is seen from the far-off continent is of undoubted interest in this connection. A very important answer, in our view, was heard in the course of a television interview with Collor de Mello in Moscow in February 1990. He declared that his visit to the USSR would serve as testimony to Brazil's recognition of the USSR's outstanding contribution to the turnabout which was occurring in the international arena from confrontation toward a relaxation of tension. Only a subsequent generation will, he believed, be in a position to fully understand the significance of the Soviet perestroyka and glasnost for the fate of mankind. However, far from everyone in the region views the changes in the USSR in this way. Feelings of apprehension and alarm even are being expressed frequently. The spread of opinions is great: whereas some people are worried about the possibility of a further reduction in Western capital investments in connection with a reorientation of the flow of it toward East Europe and the USSR, others fear the USSR's "departure" from the region and the prospect of finding themselves "eyeball to eyeball" with the northern colossus. Yet others are intimidating themselves and others with the threat, just as apocalyptic as it is fantastic, of the unification of the USSR and the United States in a "single hegemonic bloc" and the increased exploitation of the Third World as a result of this.

The ambivalence of the situation emphasizes yet again the importance of a realistic approach to international cooperation in the spirit of the new political thinking, which makes it necessary to see the objective and subjective complexities and contradictions of relations between the USSR and the LACC states.

All is made clear by comparison. Against the background of the dynamic development of our cooperation in many aspects with the United States, West Europe, and the PRC, not to mention East Europe, political dialogue with the LACC countries appears as yet a "comparatively low-intensity zone." Aside from our allies, it is mainly the "big three" playing the leading part in the LACC which are participating actively in it. A considerable expansion of the list of partners in the region—it would be a good thing to accomplish this task of Soviet diplomacy before the millennium is out. It is, after all, no secret that we maintain diplomatic relations as yet merely with half the sovereign states of the region.

We cannot fail to see also the weak points of the economic component of our relations or underestimate the difficulties of cultural and other exchanges requiring great financial resources. An obvious contradiction in the development of Soviet-Latin American relations in the period of perestroyka has been also the fact that at a time when the political dialogue is gaining momentum, the extent of trade and economic relations (not counting Cuba) had by 1990 declined almost threefold compared with the start of the 1980s, and the development of cooperation in other spheres has been reminiscent more of movement along a sine curve than spirally. The overcoming of the imbalances which have arisen between the basic components of our relations could impart new impetus to Soviet-Latin American cooperation, but this will evidently take many years and new exceptional solutions taking account of the very high "overhead" of trade exchange, mass tourism, or large-scale cultural interaction, given such a tremendous geographical distance from one another. Under these conditions, it would seem to us, parallel and joint actions concerning the solution of a wide spectrum of global problems, the problem of underdevelopment included, will increasingly move to the forefront in our relations on the frontier of the year 2000 together with the questions of peace, security, and disarmament. Specifically, the environment and the struggle for the preservation of nature have become a vital necessity everywhere and are particularly promising in the sphere of the rapprochement of the peoples.

Much will depend on the extent to which the ideas and concepts advanced by the "Delhi Six" and also the Nonaligned Movement become prevalent at the level of the mass consciousness and in government spheres of the LACC, and whether given a conducive international atmosphere, such processes lead to the formation in the 1990s of a kind of coalition of Latin American countries actively supporting peace and disarmament and the protection of unique natural zones of planetary significance, and interacting on these issues with peace- loving states of Europe, Asia, and Africa.

Such a forecast emanates from the interconnectedness and interdependence of the modern world, whose progress and security are indivisible. For this reason all peoples and states, notwithstanding differences in their history, traditions, customs, and socioeconomic and political systems, have an equal interest in survival and in solutions being found to the problems threatening human civilization. An answer to the global challenge may be given only on the paths of international cooperation based on the new political thinking.

Soviet Navy Under Perestroyka Viewed

AU1406025190 Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5, May 1990 (signed to press 16 April 90) pp 21-32—FOR OFFICIAL USE ONLY

[Article by Georgiy Melorovich Sturua, candidate of historical sciences, sector chief at the USSR Academy of Sciences World Economics and International Relations Institute, MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA observer at the USSR Supreme Soviet: "A View of the Navy Through the Prism of Military Perestroyka"]

[Excerpts] Military reform is one of the problems of all-Union significance which has not yet been given due

attention by our legislators. Many current deputies have spoken about its necessity in their preelection platforms. The question of military reform was raised fairly sharply during consideration of D.T. Yazov's candidature for the post of minister of defense. Hearings on this subject have started in the Committee on Questions of Defense and State Security but, unfortunately, they are being held in an atmosphere of total secrecy, also excluding other people's deputies. At the second Congress of People's Deputies, in the speeches of Army General M.A. Moiseyev, chief of the General Staff, academicians G.A. Arbatov and V.I. Goldanskiy, Lieutenant General A.I. Ovchinnikov, and Colonel V.N. Ochirov, deputy chairman of the Committee on Questions of Defense and State Security, we heard distant reverberations of those claps of thunder which evidently await us when broad discussion on all aspects of military reform gets under way in the Supreme Soviet.

Obviously it will touch upon the structure and composition of the Armed Forces, methods of bringing them up to strength, the mechanism for financing them, the military industry, and much more. In short, reform is necessary because our approach to military policy is radically changing and significant shifts are occurring in the general situation in international relations. There is one other consideration: We are counting on the fact that a reduction in the burden of the military budget will help us to fulfill our plans of economic perestroyka. In all countries of the world, the navy is considered to be an "expensive" branch of the armed forces. The construction of combatant ships and naval aircraft and the creation of a base infrastructure presupposes the allocation of many millions and even billions of rubles. Provided that the country's genuine defense needs are satisfied, savings in the military and naval sphere would considerably help to overcome the social and economic crisis in which the country has found itself today.

During the second Congress of People's Deputies, one of its participants, Fleet Admiral V.N. Chernavin, commander in chief of the Naval Forces, shared with me some of his views on the fate of perestroyka in the USSR Navy. In particular, he noted that what he expects from the people's deputies is "not only reasonable sufficiency in determining the country's defense needs, but also sufficient reasonableness in their approach to this question." From his point of view, although the Armed Forces, along with the whole of society, are in need of perestroyka, they have been least affected by the negative phenomena of the past and it is precisely in the military sphere, as in no other, that great successes have been achieved.

Of course it will not be easy to implement military reform. There is a paradox in the fact that, from the point of view of certain formal criteria, any big changes in plans for the utilization of Soviet Navy organizational development and training could appear to be wholly inexpedient. Let us turn our attention to what two military leaders—one Soviet and one American—have had to say. Army General M.A. Moiseyev concluded from an analysis of the balance of forces that the U.S. Navy had "substantial superiority" over the USSR Navy. Vice Admiral G. Mastin [name as transliterated], U.S. Fleet Headquarters deputy chief of staff and the person responsible for operational planning, in summarizing the results of the buildup of Soviet naval power, spoke of the fact that the Soviet Navy "as before, is defensively oriented." [1]

One should take account of the fact that, compared with the combined military and naval power of all the NATO countries, the balance of forces is changing still less in our favor. Furthermore, the country's unfavorable geostrategic situation (warships have to access the open sea through straits and narrow channels which are outside of our control) and also the necessity to have the Navy dispersed in regions which are far apart (the North Atlantic and Arctic Oceans, the Baltic Sea, the Black Sea, and the Pacific Ocean) have an adverse effect. All this, according to the logic of things, compels the USSR Navy to place emphasis on defensive tasks.

Nevertheless, it seems that the perestroyka of Soviet defense policy on the basis of reasonable sufficiency and the need to release resources and funds for the accelerated social and economic development of the country compels us to look more closely at those functions which have been traditionally assigned to the USSR Navy.

Obviously it will be difficult to understand why we have such a navy as we do unless we look at its history. The latter has many blank spots which is not surprising, as the history of military organizational development over the last 40 years has been covered in a veil of strict secrecy. Available sources enable us to arrive at only a very incomplete and sketchy reconstruction of the evolution of the USSR Navy.

It is difficult to avoid the impression that, when the task was set of creating a Soviet ocean fleet in the prewar and immediate postwar years, the corresponding programs were based to a large degree on a mechanical transfer of the experience of naval powers to our conditions. The idea of acquiring supremacy at sea ostensibly inspired the authors of these plans. As a result, unrealistic projects were developed, such as the first postwar ship construction program which, in spite of the collapse of the economy, was aimed at bringing into service nine battleships each with a displacement of 75,000 tons, 15 aircraft carriers, 12 heavy and 60 light cruisers, and more than 500 submarines. [2] It is not surprising that this program remained unimplemented.

Furthermore, according to the opinion of Western researchers, those in charge of Soviet military and naval organizational development in the first years after the war were guided by a false prognosis—influenced by the landing of Anglo-American troops in Sicily and later in Normandy, the Soviet command was preparing to thwart amphibious operations in the event of war with its recent allies. Meanwhile, the "amphibious" threat did

not materialize as a result of a 90-percent reduction in the number of American amphibious warfare ships.

The second stage in the development of the Soviet Navy began in the mid-fifties. The change in political leadership at that time gave scope for creative searches in the matter of naval organizational development and of overcoming the deadlock which naval organizational development had reached as a result of the orientation toward qualitative parameters and foreign experience. A number of factors influenced the subsequent course of events: scientific and technical progress, the dynamics of a foreign threat, the evolution of Soviet foreign policy and military strategy, and the personal factor.

[Passage omitted on development of the Navy under Gorshkov]

It seems that it is not accidental that precisely at the beginning of the seventies, articles by S.G. Gorshkov appeared which were later published with amendments and additions as a separate book "The Naval Power of the State." Its author was expressing his point of view which was by no means shared by everyone. Nevertheless, it can be established that both the articles and the book outline a response to the social order of the time when a preoccupation with confrontation with the United States was forming a "superpower" mentality. A separate chapter of S.G. Gorshkov's book deals with an analysis of the participation of the navies of imperialist states in local wars. It follows from the general context that what were essentially being publicized in the chapter were the capabilities of the navy in conducting a war of this type. Characterizing the interventionist actions of western armed forces in the "Third World" zone, S.G. Gorshkov pointed out in conclusion that the USSR Navy serves as an instrument of a "policy of halting the aggressive aspirations of imperialism, deterring military adventures, and resolutely opposing threats to security on the part of the imperialist powers." [11]

[Passage omitted on maintaining a navy to increase the state's prestige]

The regular deployment of groupings of warships in distant regions from the mid-sixties was undoubtedly intended to have a political and psychological effect. According to S.G. Gorshkov's characterization, the use of the Navy in a time of peace could serve as a "weighty argument" in disputes with rivals.

However, the appearance of the USSR Navy on the expanses of the world's oceans was mainly in response to the increased threat from the oceans and seas. If, in the fifties, this threat came from aircraft carriers whose aviation was capable of destroying targets with nuclear weapons, in the sixties, the scale of the nuclear threat increased with the accelerated construction in the United States of nuclear-powered ballistic missile submarines [SSBN]. In 1961, the Kennedy administration increased the tempo of implementing the "Polaris" program and, within a few years, the United States already had 656 ballistic missiles on board 41 nuclear submarines.

In arguments about surface ships, it began to be recognized that they were valuable as carriers of antisubmarine weapons. They would be able to fulfill a twofold task: to engage in warfare with the enemy's missile-carrying submarines and, at the same time, to guarantee the deployment of analogous submarines of the USSR Navy. The "rehabilitation" of surface ships was confirmed by S.G. Gorshkov in his article published in 1963, in which he explained that the Navy, in addition to having primary long-range offensive assets, should also have, for example, surface ships which are necessary both "for active combat with any enemy within the defensive zone of the maritime theater, and for comprehensively ensuring the combat and operational activities of the Navy's primary offensive assets." [12] The idea of the balanced development of the USSR Navy which was being defended by the military and naval leadership gradually began to take hold.

[Passage omitted on the role of the Navy in the sixties as outlined in VOYENNAYA STRATEGIYA, Moscow, 1968]

S.G. Gorshkov's conception was an attempt to bridge the gap between views on the role of the Navy and views on a future war. Moreover, he went much further in his proposed conception, trying to prove the expediency of creating precisely a large navy, not only from military and strategic positions but also taking account of foreign policy requirements. The main formulations of the conception which can be traced in the sometimes Aesopian style of the author of "The Naval Power of the State" seem to be the following:

—The Soviet Union needs a navy, as stated above, if only for the reason that the USSR is a great power;

—The significance of the Navy for our country is not limited to the fact that it is assigned combat functions, but is determined by its inherent capabilities for exerting political and psychological influence in peacetime;

—The construction of a large navy is conditioned by the fact that the USSR is confronted by a coalition of sea powers, and also by the increased threat from the oceans;

—The USSR must pose an equal threat to an enemy in order to restrain his aggressive ambitions;

—For a power which is dependent upon ocean communications and which has a sizable navy, the loss of advantages in the world's oceans can be tantamount to defeat;

—Victory over a powerful enemy can only be gained through the common efforts of all the branches of the Armed Forces;

—Owing to the presence of nuclear missile forces in the Navy, the latter will have an increasing influence on the course and overall outcome of a war;

—The Navy's actions against the shore have acquired paramount importance but, at the same time, they are indissolubly linked with the traditional task of combating another navy;

—Balancing the development of all sections of the Navy ensures that its combat effectiveness is maintained at a high level.

This conception was formed within the framework of that military doctrine to which the Soviet Union adhered before it embarked upon the perestroyka of its entire defense system in the second half of the eighties. From the strategic point of view, in the "pre-reform" period, the Navy had to contribute to resolving the following tasks which faced the Armed Forces: repulsing an aerospace attack, suppressing the enemy's military economic potential, and destroying its armed forces groupings. [15]

As a result of efforts made since the mid-fifties, the Soviet Union has created a truly powerful navy whose principle offensive assets are its submarines and its naval aviation. The Navy's strength level was stated for the first time in the first edition of the brochure "From Where the Threat to Peace Comes" (1982). From the figures given in this brochure, it becomes clear that ships and vessels with a coastal operating radius predominate in the USSR Navy. This should be remembered when assessing the Navy as an ocean fleet.

The latter data on the Navy's strength level was presented by competent Soviet organs in December 1989. It follows from it that the USSR has 157 large surface ships (aircraft carriers, cruisers, destroyers, large antisubmarine warfare ships, amphibious warfare ships with a displacement of 1,200 tons and above) and 260 submarines (in addition to strategic ballistic missile submarines), including 113 nuclear-powered submarines.

It is difficult to compare the figures for 1982 and 1989 as different principles were employed in giving a breakdown of the Navy's strength level by categories. However, it would probably not be far from the truth to conclude that there has been a slight decrease in the Navy's strength level in the eighties. What are the reasons for this reduction? Have the specifications and performance characteristics of naval weapons been improved, thus enabling the same tasks to be fulfilled but with fewer forces? Have the tasks themselves changed? It is logical to suppose that weapons must have become more effective. Obviously, views on the use of the Navy have also started to change.

However, possible amendments to naval policy could have been even more substantial. I will venture to give my point of view on this question.

Obviously, it was possible to argue about the priority of certain tasks of the Armed Forces, and about the availability or lack of forces for their fulfillment. However, the character of our "old" military doctrine dictated the setting of precisely such a complex of tasks. Today, as we adapt ourselves to the new political thinking, there has been a radical transformation in our views on the possible forms and consequences of a future war and on what kind of defense is needed. Let us recall the tenets that have enriched our conceptions in the military sphere:

—Nuclear war would be a global catastrophe which would bring about the destruction of civilization and it can have no winner;

—The consequences of a conventional war on the European continent, linked to which is the threat of the destruction of nuclear electric power stations [AES] and chemical enterprises, would bring us nearer to a global war involving the use of weapons of mass destruction;

—A limited nuclear war is impossible;

—Superiority over the enemy is unattainable, and attempts to achieve it destabilize the strategic situation.

How do these tenets correlate with the Navy's traditional tasks, tasks which were ostensibly still assigned to it in the eighties?

An aerospace attack can be launched from the sea or ocean by means of ballistic and cruise missiles and also by carrier aviation. The very formulation of the task of "repelling" it contradicts the idea of rejecting the attainment of superiority, for if one side had the potential to repulse such an attack, or at least the potential to limit the damage, it would be endowed with weighty strategic advantages.

Now let us consider the technical side of the question. In the light of the accident at the Chernobyl AES it is more than obvious that a salvo from one missile-carrying submarine (approximately 200 warheads with a power of 100 or more kilotons) is enough to cause irreparable damage to the other side. Meanwhile, groupings of USSR and U.S. SSBN's are not a very vulnerable part of the strategic forces. According to Soviet and Western specialists, neither the Soviet Union nor the United States is at present capable of destroying all its enemy's strategic submarines with one surprise attack, and it is hardly likely that they will ever be able to do so.

In theory, SSBN's could be neutralized in the course of a protracted war. New military strategic postulates exclude the necessity of examining this possibility within the framework of a nuclear war scenario. Let us take a different case in which military operations involving the use of conventional weapons become protracted, although it seems fantastic to suppose that any side will submissively accept the methodical destruction of all its

SSBN's, one after another, in the course of a few days, weeks, or, if you like, months. Furthermore, tracking SSBN's is fraught with such a risk of escalation that, if it is to be carried out, it should only be in a war with high stakes, such as one between coalitions in Europe. Therefore, this variant is also not worth considering if one adheres to the above-mentioned views on war on this continent: Either its consequences will be catastrophic even without the use of SSBN's or the whole scale of military operations will prompt the use of missile-carrying submarines while they still remain in commission.

If there is no reliable protection against ballistic missiles fired from submarines, the costly preparations for repulsing attacks by means of cruise missiles and carrier aviation lose their sense. They would be wholly reasonable if the attacks were mounted with these weapons alone, that is to say if a limited nuclear war were possible.

The suppression of the enemy's military economic potential by means of naval forces and weapons in the form of a first strike has no sense, as nuclear retaliation is inevitable. If we understand this task to mean preserving the capability to destroy in retaliation the enemy's armed forces and economic targets, this is a legitimate and effective means of deterrence.

Intercontinental ballistic missile submarines are best suited to implementing the mission of deterrence. They can inflict a retaliatory strike from any area of the world's oceans selected for their safe combat patrol. The short-range capabilities of cruise missiles complicate the implementation of a retaliatory mission as their platforms, in order to occupy effective launch positions, would have to be installed closer to the enemy's borders and thus enter a zone well-defended by him. Sea-launched cruise missiles would not only be wholly unable to strengthen the situation of deterrence being created by, among other things, the USSR's deployment of ballistic missile submarines but, on the contrary, could even undermine it. Groupings of Soviet warships equipped with cruise missiles patrolling off U.S. shores would sooner give rise to fears that the USSR was preparing to launch a first strike. Furthermore, the maintenance of a forward presence of warships carrying cruise missiles would necessitate enormous expense.

Let us now examine another hypothetical scenario—a war in Europe, in the course of which the Navy is simultaneously involved in implementing the tasks of the military economic suppression of the enemy and the **destruction of groupings of its armed forces.** Having begun, let us say, with the use of tactical nuclear weapons, it inevitably develops into a global war with the exchange of intercontinental strikes. Therefore, this variant in the development of events is oriented first and foremost toward the deployment of SSBN's and ensuring their combat stability. I would like to note here two circumstances. First, in the analysis of the nuclear factor which can be found in S.G. Gorshkov's work, we note the presence of a strange contradiction: On the one hand, protest is expressed against excessively increasing the capabilities of nuclear weapons in military actions at sea and against corresponding unfavorable forecasts about the Navy's future. On the other hand, it is precisely nuclear weapons which are seen as the "great equalizer" between a large navy, one which includes aircraft carriers, and a relatively weaker navy. Second, believing in the possibility of a limited nuclear war, the American command considers such a war to be extremely disadvantageous for its general purpose naval forces. Fearing that they will be too vulnerable, the U.S. naval command proceeds in its planning mainly from the need to prepare for a conventional war. The attitude of the United States to the problem of general purpose naval forces is conveyed by the fact that it is now reducing its arsenal of naval tactical nuclear weapons and has halted their modernization programs.

In view of our well-founded suppositions regarding its possible consequences, a large-scale conventional war does not represent an individual incident. If it is nothing more than an episode of nuclear war and only forestalls it, it is clear that all the complex and costly preparation for crushing the enemy's naval groupings completely loses its expediency. This is not to mention how realistic the formulation of such a task really is, given the existing balance of forces at sea.

Therefore, the principle task of the Navy should be to deter a nuclear war by maintaining the capability, even after the first strike, to cause irreparable damage to the enemy in interaction with the Strategic Rocket Forces and bomber aviation. At the same time, it will also indirectly deter the outbreak of a conventional war as a possible prelude to a nuclear war. In the military balance, the state of which can prompt the enemy to initiate aggression with the aid of conventional weapons, the correlation of general purpose naval forces assumes secondary importance. The other branches of the Armed Forces will bear the main burden for staving off an attack on our country in the context of a conventional war. The protection of sea borders and the defense of the state's interests in the economic zone would remain another important function of the Navy. The complete change in views on foreign policy, a reduction in the part played in it by the military complex, a strengthening of the principle of freedom of choice, and emphasis upon the diplomatic regulation of regional conflicts are, in their turn, also altering the conception of the Navy as an instrument of foreign policy.

As a result, possibilities, perhaps considerable possibilities, are emerging for making cuts in the Navy. The planned reduction in the military budget and in expenditure on the purchase of military equipment indicates that cuts will be made. This means that the USSR will not be able to completely replace the ships and vessels withdrawn from service upon expiry of their effective period of operation: According to certain western estimates, these will number 400 by the year 2000. Special

scientific elaborations are needed to determine the optimum size of the Navy. Therefore, I will only touch upon one circumstance.

In my view, the naval command has not managed to avoid the temptation to start building expensive multiton warships. During the last 20 years, the Navy has received antisubmarine-warfare cruisers of the "Moskva" type, aircraft-carrying ships of the "Kiev" and "Tbilisi" types, and guided missile cruisers of the "Frunze" type. The construction of aircraft-carrying ships is particularly surprising following the tirades which were launched against them in S.G. Gorshkov's publications in the sixties. Views can change, particularly as technology is continually developing. The excessive cost of aircraft-carrying ships is something which never changes. We clearly cannot afford this type of warship given the ruinous state of the economy. I believe that military political reform cannot offer an argument in favor of their construction which is even remotely convincing.

I can foresee the following objections: What about the adoption by the United States of a "new naval strategy" aimed at a first strike against sea and land targets? What about Washington's desire to maintain its superiority at sea, and its unwillingness to enter into negotiations on limiting naval weapons? This strategy understandably gives cause for concern but, without going into detail, I would recommend that a more realistic assessment be given of its destabilizing parameters. The strategy is dangerous not because it increases the United States' chances of victory in a war between coalitions, but because it sustains illusions with regard to the possibility of achieving such a victory. There is no unity in American military political circles with regard to the question of the extent to which the "new naval strategy" conforms to U.S. security interests. Furthermore, its origins owe much to criticism which argues that a large navy is unnecessary. The formation of a "new naval strategy" was a kind of counteroffensive by the U.S. naval command in the bureaucratic grab for a piece of the "budgetary pie." Putting psychological pressure on the USSR also entered into the calculations of the command when presenting this strategy.

I would now like to say a few words about the unwillingness of the United States to compromise in defending its position with regard to negotiations on naval weapons. The negotiations on conventional forces in Europe, which should lead to the creation of ground-based structures that remove the threat of sudden attack and of the conduct of large-scale offensive operations, are a serious new factor in the present-day military and political situation. If the negotiations end in agreement, the need for the United States and NATO to maintain an offensive potential in European waters is objectively reduced. Of course, the West did not enter into negotiations in order to simplify for itself the task of launching a sea attack against the Warsaw Pact. At a certain stage, reductions in NATO's ground and air forces will lead to a review of the bloc's strategy. In the final analysis, the process of transforming U.S. and NATO strategy, which reflects an end to the cold war and the expansion of constructive cooperation between the East and the West, will spread to the naval sphere.

Returning to the above-mentioned deliberations with regard to the correlation of new doctrinal postulates and views on the use and preparation of the Navy, I will emphasize that it is, of course, possible to disagree with them. Just like any reflections on the "unthinkable"—scenarios of nuclear and conventional war in a nuclear and space age—they are vulnerable to accusations of speculation. They should be viewed only as a working hypothesis, as an invitation to discuss what functions may be assigned to the Navy in present-day conditions. Furthermore, I could only welcome constructive criticism, let us say, from representatives of the Navy who, as yet, have not expounded their views on the tasks of the Navy, taking account of the principle of reasonable sufficiency which is being proclaimed by the USSR and the other tenets of its new military doctrine.

Today, the naval command should be ready to convince those civilian experts and Supreme Soviet deputies who approve the budget, including expenditure on the Navy, that its views on the needs of the Navy are correct. The deputies who accept, reject, or amend the naval command's requirements will have to bear real responsibility before the electorate, something which was not the case in the past. Thus, discussions on military questions will inevitable extend beyond the walls of military headquarters, which is what is happening in all civilized democratic states.

The proposed analysis of the Navy's tasks is an attempt to interpret the new military defense doctrine as applied to the naval sphere. The approach that has been adopted by the Soviet Union to defense building opens up the prospect of solving the dilemma which our country has encountered in creating a modern navy, a dilemma which it has not been able to completely resolve. A short excursion into the postwar history of the Navy shows that life has constantly forced us to seek an answer to the following question: How are we to combine the policy of building an ocean fleet with limited resources, preparations which are primarily geared toward a continental war, and the inability to repulse a nuclear attack? It is not by accident that the precarious well-being of the Navy has often given way to a struggle for its existence.

It should be stated that our Navy is not alone in this respect. Even in such naval powers as the United States and Great Britain, the atmosphere surrounding naval organizational development has not always been unclouded. When the United States was moving toward a limitation in military expenditure as, for example, is happening now, navy programs were one of the first victims, their cost being considered too great. Under the Carter administration, wholly serious study was given to

the prospects of limiting the tasks of the Navy and of making significant subsequent reductions in the fleet.

The transformations in our military doctrine and strategy are directing the Navy toward fulfilling tasks which are well within its competence even with a strength level that is lower than that at present. The present military reform is perhaps not so topical for any other branch of the Armed Forces as it is for the Navy, since its problems are assuming crisis proportions.

Strictly speaking, people have already started to speak openly about a crisis, although on a slightly different plane. In April 1988, the nuclear submarine "Komsomolets" sank. A few months later, in June, there was again a serious accident on another submarine. These are not isolated occurrences in the Navy. In October 1986, a submarine carrying ballistic missiles was lost in the Atlantic. The Soviet press has reported other incidents which have occurred on naval ships in recent years.

As is becoming known today, combat ships are being constantly delivered to the fleet unfinished and with obvious defects. For example, on the cruiser "Baku," the system for transmitting data to aircraft does not function and ultra-shortwave stations which have no antijamming protection are being used instead. Gunfire control radars do not link up [stykovat] with the weapon complex and often break down. The "Komsomolets," which was tragically lost, was accepted from industry after serious reprimands had been made, but was included as part of the fleet's effective combat strength. Several hundred workers and engineers corrected the equipment on a guided missile cruiser which has recently entered service, something which has already long become standard practice. Many millions of rubles are being spent on eliminating production defects, which do not prevent ships from being accepted by the fleet. [16]

However unpleasant it may be for departmental self-esteem, accidents and other troubles also testify to the fact that the Navy urgently needs to reorganize its activities. Military reform is the key to resolving many painful questions. It is disposing us to finally stop "hastily producing gross output" ["gnat val"] and to start worrying more about "waging war not with numbers but with know-how."

Footnotes

1. See SEA POWER, June 1988, p 22.

2. MORSKOY SBORNIK, No. 2, 1989, p 78.

11. S.G. Gorshkov. "The Naval Power of the State." Moscow, 1979, p 371.

12. MORSKOY SBORNIK, No. 1, 1963, p 94.

15. N.P. Vyunenko, B.N. Makeyev, V.D. Skucharev. "The Navy: Its Role, Development Prospects, and Use." Moscow, 1988, pp 34-42 [The preface to this book has been written by S.G. Gorshkov].

16. KRASNAYA ZVEZDA, 12 May 1989.